



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2010

Prepared by: Department of Administration
Finance Division

Mayor Harvey Johnson, Jr.

**CITY OF JACKSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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INTRODUCTION SECTION

Department of Administration



200 South President Street
Post Office Box 17
Jackson, Mississippi 39205-0017

March 31, 2011

Harvey Johnson, Jr.
Mayor of the City of Jackson

**Honorable Mayor, Members of the City Council, and
Citizens of the City of Jackson, Mississippi:**

A requirement of Mississippi law is that local governments annually publish audited financial statements. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010 for the City of Jackson, MS is submitted herewith.

An unqualified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2010. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Banks, Finley & White Co.

The dedicated and professional staff of the Finance Division, Department of Administration, prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP). We maintain that the data is accurate in all material aspects and is presented in a manner designed to set forth fairly the financial activities of the various funds of the local government. The responsibility for the accuracy of the data and the fairness and completeness of the presentation, including any disclosures necessary to enable the reader to gain an understanding of the fiscal affairs of the City, is entrusted to the administration of the local government. We further assert that the internal controls implemented provide reasonable assurance that the financial statements are free of any material misstatements.

All of the funds account groups and enterprise operations of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission (component units of the city) are included in the 2010 CAFR. JRA and the Capital City Convention Center Commission are presented as a proprietary fund type within the CAFR because the City exercises significant oversight responsibility. The approval of JRA's administrative operating costs and appointments to its Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for its separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects. The Capital City Convention Center Commission is accountable as a component unit of the City because of its fiscal dependency on the City of Jackson.

Four Enterprise Funds, which provide a variety of services on a fee-for-services basis, are among those funds whose financial operations are included in the CAFR. These Enterprise Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2010 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 3-11 be carefully examined by the reader to provide a more concise picture of the financial position of the City.

DESCRIPTION OF CITY OF JACKSON, MS

Historical Background

The City of Jackson, MS was founded in 1821 at the site of a trading post that was situated on a "high and handsome bluff" on the west bank of the Pearl River, which is located in the central region of the state. It is said that the trading post was operated by a French-Canadian trader named Louis LeFleur, who gave the town its original name of LeFleur's Bluff. The Mississippi Legislature wanted the seat of government moved out of the Natchez area and into a more central location. Thomas Hinds, James Patton and William Lattimore were then commissioned to locate the ideal site for the state capital. Their report to the General Assembly was that LeFleur's Bluff had "beautiful and healthful surroundings, good water, abundant timber, navigable waters, and nearness to the Natchez trace." A legislative act dated November 28, 1821 authorized the location to be the permanent seat of government and that it would be named Jackson in honor of Major General Andrew Jackson who later would become the seventh president of the United States. A \$3,500 contract was let to build Mississippi's first capitol, a two-story brick structure 40 feet by 30 feet, where the opening session was held on December 23, 1822. A second capitol building, popularly known as the "Old Capitol," was completed in 1840 and remained in use until 1903. The building, restored in 1961, has become Mississippi's Historical Museum. The New Capitol building, a magnificent structure patterned after the National Capitol, was completed in 1903.

During the Civil War, the town was ravaged and burned three times by Union troops under the command of General William Tecumseh Sherman. The destruction prompted the unwelcome nickname of "Chimneyville." Although less than 8,000 people lived in Jackson at the turn of the century, its population began accelerating rapidly after 1900.

Jackson Today

Presently, Jackson has 173,514 citizens within its radius of 110 square miles. Since 1985, the City of Jackson, MS operates under the mayor-council form of government. Prior to 1985, the commission form of government, which included a mayor and two commissioners elected at-large, was in place. Currently, the municipal government is comprised of the mayor, who is elected at large, and seven council members, who are elected by ward. The mayor and council members, who have policy-making and legislative authority, serve four-year terms. The Mayor appoints, and the City Council approves, the Chief Administrative Officer, City Attorney, and eight department heads. City leaders are committed to ensuring that the municipality has a healthy financial outlook while providing essential services.

A comprehensive range of municipal services including public safety, street maintenance, water, sewer, and sanitation services, social programs, recreation activities, cultural events and general administration are provided to Jackson's citizens. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of Jackson, MS. Youth and Education, Crime Prevention, Public Safety, Neighborhood Enhancement, Economic Development, Changes in City Government, Quality of Life, and Infrastructure and Transportation were the policy initiatives for FY 2010.

The City of Jackson, MS is required to submit its municipal budget on an annual basis to the City Council for adoption on or before the fifteenth day of the last month in the fiscal year. A budget process, linking policy initiatives, services, and available resources, is utilized to develop the budget. As the primary financial planning and control document, the budget provides the foundation for City operations. The budget is crafted to include expenditures by fund: General, Special Revenue, Debt Service, Proprietary, Trust, and Capital; by department: Administration, General Government, Human & Cultural, Parks & Recreation, Police, Fire, Personnel, Public Works, and Planning; and by category: Personal Services, Supplies and Material, Other Services and Charges, and Capital Outlay. General Property Taxes, Licenses and Permits, Fines and Forfeitures, Intergovernmental, Admissions, Fees, Rentals, Interest, Other Revenues, and Operating Transfers are the categories that comprise the revenue budget. During the fiscal year, department heads may transfer resources within a department by following established guidelines. These transfers, along with other budget adjustments, are incorporated into Budget Revisions that must be approved by the City Council. The Executive Branch is afforded the opportunity to submit a maximum of three Budget Revisions to the City Council for approval within the fiscal year.

ECONOMIC OUTLOOK

The City is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. However due to the national economic downturn, the city, state, and industries alike have been impacted by the national recession. Jackson continues to be the site of the largest financial institutions in the state. Numerous healthcare facilities and health service agencies, including the state's only medical school provide employment to more than 30,090 professionals and staff.

As the population, educational, cultural, medical, and governmental center of the state, the Jackson metropolitan surrounding area has a relatively stable unemployment rate of 8.6 percent with an employed labor force of 242,360. This unemployment rate compares favorably to the state's overall unemployment rate of 10.1 percent. Over the previous years, the unemployment rate has ranged from a high of 9.7 percent to a low of 4.4 percent for 2011.

Jackson, MS, however, is highly dependent upon the public sector as an economic engine. While public sector employment is generally more stable than private sector employment, the spin-off businesses and entrepreneurial opportunities that are needed for sustained growth is not generated at the desired level. Thus, the economic development efforts must look toward business-government partnerships as a part of the solution. Towards that end, Jackson is poised to realize a number of developments of mixed use facilities in the immediate future.

The City has also begun to benefit from a variety of downtown revitalization efforts. These efforts include a recently renovated multi-modal transportation center, completion of a major portion of a parkway project to connect downtown to Jackson State University, and creation of an entertainment district in and around Farish Street, the oldest African American nationally designated historic district. Occupancy in the downtown area is at 85 percent and is expected to remain stable. The high percentage of college-educated residents who reside in Jackson is a positive trend that can further the City's efforts to becoming a dynamic urban center.

The total renovation and completion of the King Edwards Hotel (Hilton Garden) and Class A office space at the Pinnacle building along with the opening of the Standard Life Building as a mixed use facility has generated a resurgence of downtown.

Jackson property owners pay property taxes for county, city, and school totaling \$170.35 per \$1000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax in Jackson.

FINANCIAL OUTLOOK

The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants. An Unrestricted General Fund Reserve policy that is within range of the level cited by GFOA recommended practice has been adopted by the City Council. The City's unreserved fund balance amounted to 25 percent of the adopted General Fund operating revenues for FY 10.

The General fund balance available for future appropriation is \$26,695,213 million, which includes \$7,999,507 million attributable to the City's General Fund reserve policy. An additional \$4,128,762 million is reserved for inventories and state tort claims.

The City remains an excellent place for investors with ratings of Aa2 on both G.O. bonds and Revenue bonds by Moody's and AA- on G.O. bonds and A+ on Revenue bonds by

Standard & Poor's. As a result of sound financial management practices, an upgrade was received by the City on its Series 2009 General Obligation Street Resurfacing Bond from Standard and Poor's from "A+" to "AA-", and Moody's affirmed their "A1" rating on the G. O. bonds, but subsequently upgraded it to Aa2.

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2010 are useful gauges of the City's debt position.

POPULATION:	173,514
BONDED DEBT PER CAPITA:	\$ 702
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$ 1,022,263,225
NET BONDED DEBT (G.O):	\$ 131,720,000
RATIO OF DEBT TO ASSESSED VALUE:	12.63%

The following charts reflect activities within the Debt Service Fund and Enterprise Fund:

BONDS OUTSTANDING

Category	Amount Outstanding Sept. 30, 2010	Amount Outstanding Sept. 30, 2009
General Obligation	\$ 131,720	\$ 134,610
Special Obligation Bond – Pension	-	-
Tax Increment Limited Obligation	4,231	4,522
Bonded Debt	\$ 135,951	\$ 139,132
Revenue Bonds	148,920	155,830
Urban Renewal Bonds - Component Unit	10,726	12,270
Total	\$ 295,597	\$ 307,232

ENTERPRISE FUND – CHANGES IN NET ASSETS

Net Income (Loss)	2010	2009
Water/Sewage Disposal Fund	\$ 1,121	\$ (1,402)
Madison Sewage Disposal Fund	24	36
Transportation Fund	1,689	(1,283)
Sanitation and Recycling Fund	1,106	680
Total Net Income	<u>\$ 3,940</u>	<u>\$ (1,969)</u>

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 12.00% and 9.00% of covered payroll, respectively. The contribution by the employee was raised by statute to 9.00%, effective July 2010.

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$7,552,903 and employee benefit costs were \$11,576,962 during fiscal year 2010. The City's General fund appropriated \$4,154,408 to the Employees' Group Benefit fund.

FINANCIAL POLICIES

There are several distinct policies that provide the framework for the financial operations of the City. One such policy is the commitment to conservatism by the Executive Branch in projecting its annual revenues. This policy provides a safeguard to drastic reductions in a given budget cycle in the event of under budgeted or unbudgeted costs. The City of Jackson, MS also has a policy to carefully allocate one time revenues such that operating expenses are not increased.

SELECT RECOGNITIONS

CNN Money.com ranked Jackson #11 among midsize Metro areas as the best metro area to launch a small business.

The Brookings Institute *Metro Monitor* named Jackson as one of the 20th strongest performing metro areas and one of 11 of the most resilient cities since the economic downturn began.

Forbes.com ranked Jackson #3 as one of America's Best Bang-for-the-Buck cities based on a solid housing market, relative stable environment, enviable cost of living and quick commutes.

Convention South Magazine named Jackson as one of five spots that top the list for sensible meetings.

Bloomberg Business Week ranked Jackson #11 of the forty strongest U.S. Metro economies because of its relative strong job market, government, hospitals, and educational institutions.

Certificate of Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report (CAFR) that meets the GFOA standards. GFOA awarded a Certificate of Excellence to the City in 2009 for its CAFR. A Certificate of Achievement is valid for one year only. The City's management believes that its 2010 CAFR confirms to the Certificate of Achievement program requirement and therefore will submit it for review.

FUTURE INITIATIVES

The City of Jackson employed a bond financing team for the purpose of reviewing the possibility of refunding /restructuring its 2002 and 2004 Water/Sewer bonds.

The construction and development of a Convention Center Hotel remains a top priority and the city is working with several developers to move this project forward. Additionally a \$60 million dollar development is planned for several blocks encompassing the Baptist Hospital property. The development would entail a five story medical office building with retail on floor one and medical offices on floors two-five.

A food services company was approved for an addition to their distribution facility located in the Hawkins Field Industrial Park as well as a retail store franchise is constructing two new facilities within the city.

An off road ATV Park/Campground Facility is planned at the east Elton Road/Pearl River area of south Jackson. This proposed business venture could potentially have a tremendous retail/tourism infusion along Jackson's south I-55 corridor.

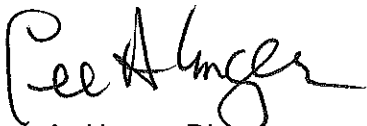
ACKNOWLEDGMENTS

The staff of the Department of Administration, and specifically, the Finance Division, has my appreciation for their dedication and diligence in the preparation of this report. Other departments and divisions of the city have also contributed directly or indirectly to the report. We would like to express our appreciation to all who assisted in this effort.

We acknowledge the thorough, professional, and timely manner in which our independent auditors, Banks, Finley, White, & Co., conducted the audit.

Finally we acknowledge the Mayor and City Council members for their consistent support of the city's goal of excellence in all aspects of financial management. Their support is immensely appreciated.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lee A. Unger", with a stylized flourish at the end.

Lee A. Unger, Director
Department of Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

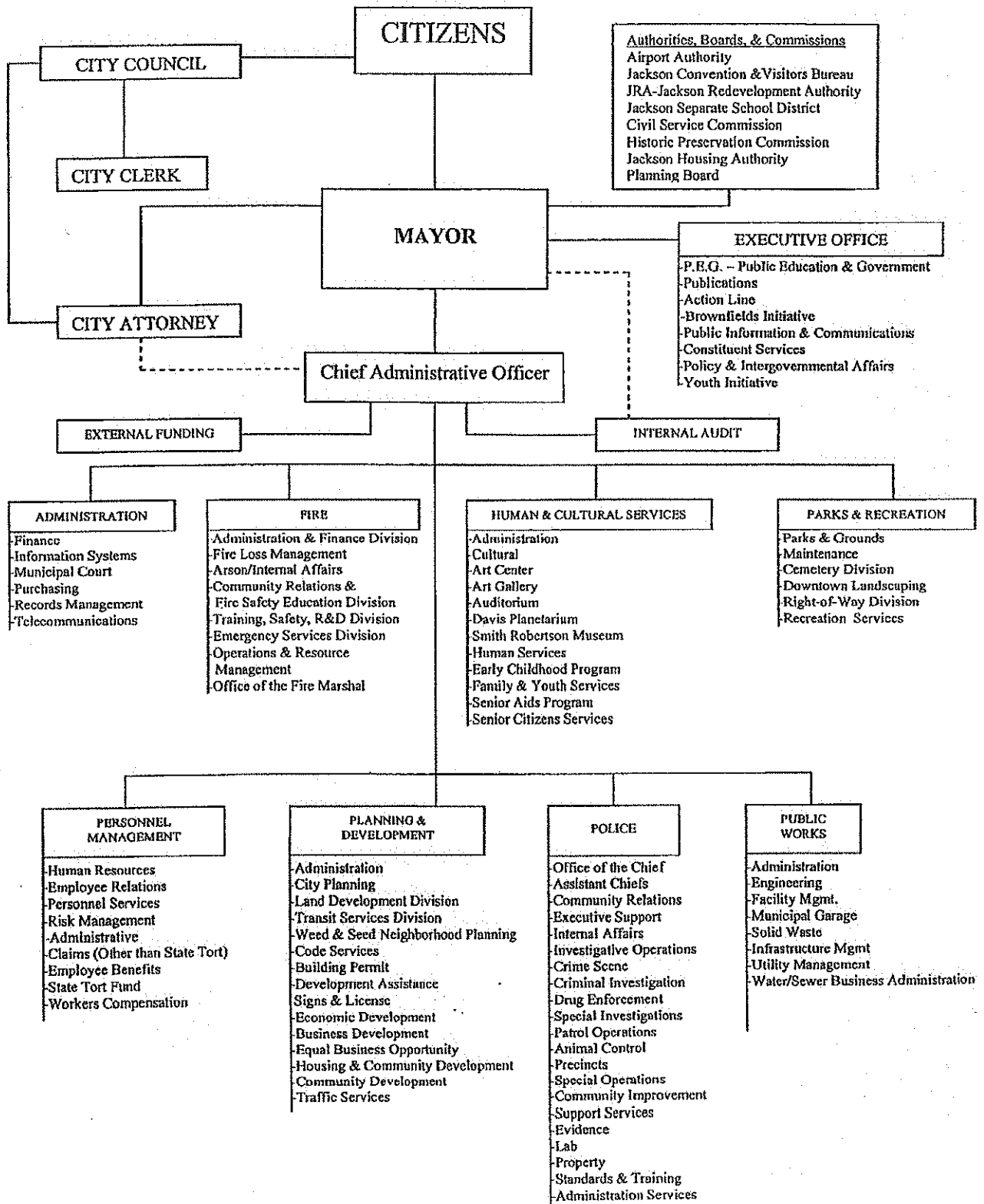
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF JACKSON ORGANIZATIONAL CHART



CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2010

EXECUTIVE

Harvey Johnson, Jr.
MAYOR

LEGISLATIVE

CITY COUNCIL

Jeff Weill, Sr.
Ward 1

Chokwe Lumumba
Ward 2

Kenneth I. Stokes
Ward 3

Frank Bluntson
Ward 4
President of Council

Charles Tillman
Ward 5
Vice-President of Council

Tony Yarber
Ward 6

Margaret C. Barrett-Simon
Ward 7

EXECUTIVE BRANCH

Sean Perkins
Chief of Staff

Brenda Pree
City Clerk

Chief of Police
Fire Chief
Director of Public Works
Director of Planning and Development
Director of Human and Cultural Services
Director of Parks and Recreation
Interim Director of Personnel Management
Director of Administration
Director of Action Line
Director of Internal Audit
City Attorney

Rebecca J. Coleman
Raymond McNulty
Dan Gaillet
Corinne Fox
Michael Raff
A. C. Jimerson
Denise McKay
Lee A. Unger
Andy Boone
Norby Harris
Pieter Teeuwissen

FINANCIAL SECTION



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Jackson, Mississippi, management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority and Capital City Convention Center Commission which statements reflect assets and revenues of 26.66 percent and 9.64 percent, respectively, of the business-type activities funds. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respect, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011 on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and budgetary comparison information on pages 3 through 11 and 81 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson, Mississippi's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is also not a required part of the basic financial statements of the City of Jackson, Mississippi. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materials respects in relations to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


BANKS, FINLEY, WHITE & CO.

Jackson, Mississippi
March 31, 2011

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Jackson, we offer readers of the City of Jackson's financial statements this narrative overview and analysis of the financial activities of the City of Jackson for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - viii of this report.

Financial Highlights

- The assets of the City of Jackson exceeded its liabilities at the close of the most recent fiscal year by \$427 million (*net assets*). Of this amount, there is \$39 million in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$3.8 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$56.8 million, a decrease of \$6.8 million in comparison with the prior year. Approximately eighty-eight (88) percent of this total amount is \$50 million (unreserved). \$26.7 million is available for spending at the government's discretion (*unreserved fund balance*) and \$23.4 million is available for special revenue funds and capital projects.
- At the end of the current fiscal year unreserved fund balance for the general fund was \$26.7 million, or 27.5 percent of total general fund expenditures.
- The City of Jackson's total debt decreased by \$12.7 million (4.0 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Jackson's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Jackson's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Jackson include general government, public safety, public works, human & cultural services, employee benefits, and interest on long term debt. The business-type activities of the City of Jackson include water/sewer, transportation and sanitation.

The government-wide financial statements include the City of Jackson itself (known as the *primary government*), and a legally separate redevelopment authority and Capital City Convention Center Commission for which the City of Jackson is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-13 of this report.

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Jackson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Jackson can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Jackson maintains eighteen (18) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal Grant Fund, Debt Service Fund, Improvement Fund, 1998 General Obligation Bond Fund, 2003 General Obligation Bond Fund, 2006 General Obligation Bond Fund, and 2009 General Obligation Bond Fund, all of which are considered to be major funds. Data from the other eleven (10) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Jackson adopts an annual budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14-25 of this report.

Proprietary funds. The City of Jackson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Jackson uses enterprise funds to account for its Water/Sewage Disposal System Fund, Madison Sewage Disposal System Funds, Transportation Fund and Sanitation Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Jackson's various functions. The City of Jackson uses an Internal Service Fund to account for its Employee Group Health Benefit Fund. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewage Disposal System Fund and Sanitation Fund, both of which are considered to be major funds of the City of Jackson. Data from the other two (2) proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The Internal Service Fund is presented in the Proprietary Fund financial statements as governmental activities.

The basic proprietary fund financial statements can be found on pages 26-30 of this report.

Fiduciary funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The function of the City's principal trust fund is discussed in Note 5.A.2. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The purpose of the City's Agency Funds is to collect and remit to the related organizations the proceeds of a special sales tax received from the State.

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 33-75 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jackson's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 76 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 77-95 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$427 million at the close of September 30, 2010.

By far the largest portion of the City of Jackson's net assets (85 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jackson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jackson's Net Assets (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 151,402	\$ 161,256	\$ 89,045	\$ 94,803	\$ 240,447	\$ 256,059
Capital assets	287,523	282,027	347,256	345,141	634,779	627,168
Total assets	438,925	443,283	436,301	439,944	875,226	883,227
Long-term liabilities outstanding	177,254	184,046	171,624	182,594	348,878	366,640
Other Liabilities	88,798	78,625	10,985	7,598	99,783	86,223
Total Liabilities	266,052	262,671	182,609	190,192	448,661	452,863
Net assets:						
Invested in capital assets, net of related debt	188,172	180,628	176,170	163,408	364,342	344,036
Restricted	23,585	32,587	-	3,861	23,585	36,448
Unrestricted	(38,882)	(32,604)	77,521	82,482	38,639	49,878
Total net assets	\$ 172,875	\$ 180,611	\$ 253,691	\$ 249,751	\$ 426,566	\$ 430,362

The City of Jackson's total net assets decreased by \$3.8 million during the current fiscal year.

Governmental activities. Governmental activities decreased the City of Jackson's net assets by \$7.7 million.

CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

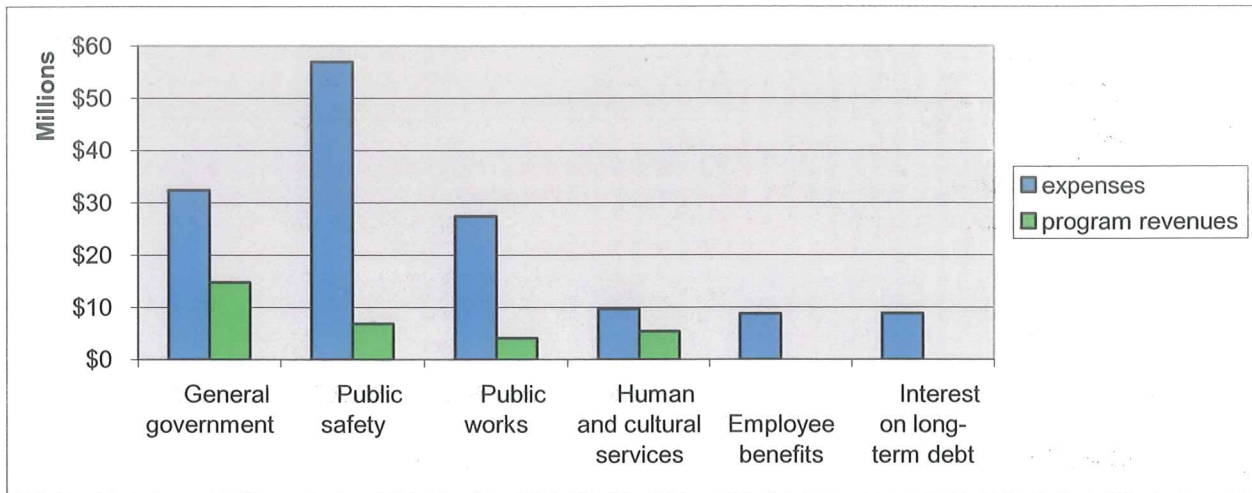
City of Jackson's Changes in Net Assets (amounts expressed in thousands)							
	Governmental Activities		Business-type Activities		Total		
	2010	2009	2010	2009	2010	2009	
Revenues:							
Program revenues							
Charges for services	\$ 11,424	\$ 12,202	\$ 53,663	\$ 52,651	\$ 65,087	\$ 64,853	
Operating grants and contributions	17,441	16,681	665	694	18,106	17,375	
Capital grants and contributions	2,226	6,188	4,584	1,741	6,810	7,929	
General revenues:							
Property taxes	68,523	71,298	-	-	68,523	71,298	
Sales taxes	31,268	33,598	-	-	31,268	33,598	
Franchise taxes	8,551	9,234	-	-	8,551	9,234	
Other	430	819	265	(521)	695	298	
Total revenues	139,863	150,020	59,177	54,565	199,040	204,585	
Expenses:							
General government	32,358	44,773	-	-	32,358	44,773	
Public safety	56,922	55,993	-	-	56,922	55,993	
Public works	27,451	31,517	-	-	27,451	31,517	
Human and cultural services	9,645	14,170	-	-	9,645	14,170	
Employee benefits	8,764	2,149	-	-	8,764	2,149	
Interest on long-term debt	8,830	5,389	-	-	8,830	5,389	
Water/Sewer	-	-	41,064	42,275	41,064	42,275	
Nonmajor	-	-	7,956	7,990	7,956	7,990	
Sanitation	-	-	10,243	10,296	10,243	10,296	
Total expenses	143,970	153,991	59,263	60,561	203,233	214,552	
Increase in net assets before transfers	(4,107)	(3,971)	(86)	(5,996)	(4,193)	(9,967)	
Transfers	(4,027)	(4,027)	4,027	4,027	-	-	
Increase in net assets	(8,134)	(7,998)	3,941	(1,969)	(4,193)	(9,967)	
Net assets - October 1, 2009	180,611	188,609	249,751	251,720	430,362	440,329	
Prior year adjustment	398	-	-	-	398	-	
Net assets - September 30, 2010	\$ 172,875	\$ 180,611	\$ 253,692	\$ 249,751	\$ 426,567	\$ 430,362	

In FY 2007, the City issued \$65 million in General Obligation Bonds on behalf of the Capital City Convention Center Commission to construct the Convention Center. A special sales tax levy was established to pay the debt service for the bonds. The bonds couldn't be issued as revenue bonds because of the uncertainty of the sales tax collections; therefore, the bonds were issued as GO Bonds of the City with full, faith and credit of the City. The asset (the Convention Center facility) is the property of the Capital City Convention Commission and recorded on the books of the Commission, but the liability (the bonds to construct the Convention Center) is on the books of the City.

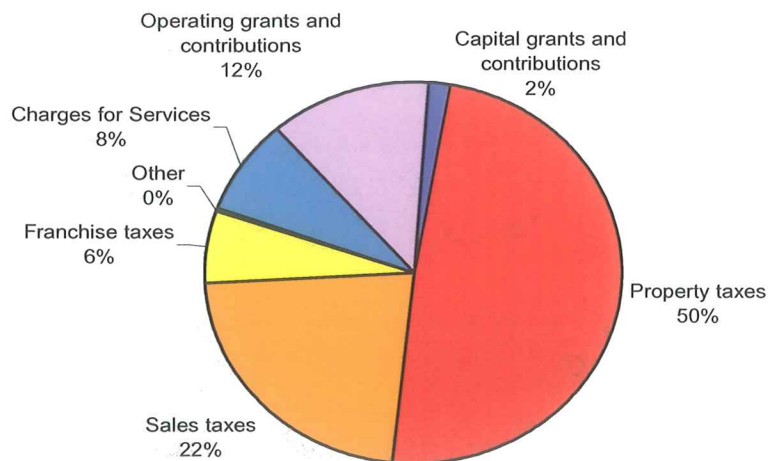
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its net pension obligation. In adopting GASB Statement No. 27, the City has increased net assets – beginning of year in the government wide financial statements of governmental activities by \$25.6 million to recognize the net pension asset calculated under GASB Statement No. 27.

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses and Program Revenues – Governmental Activities



Revenues by source – Governmental Activities



Financial Analysis of the Government's Funds

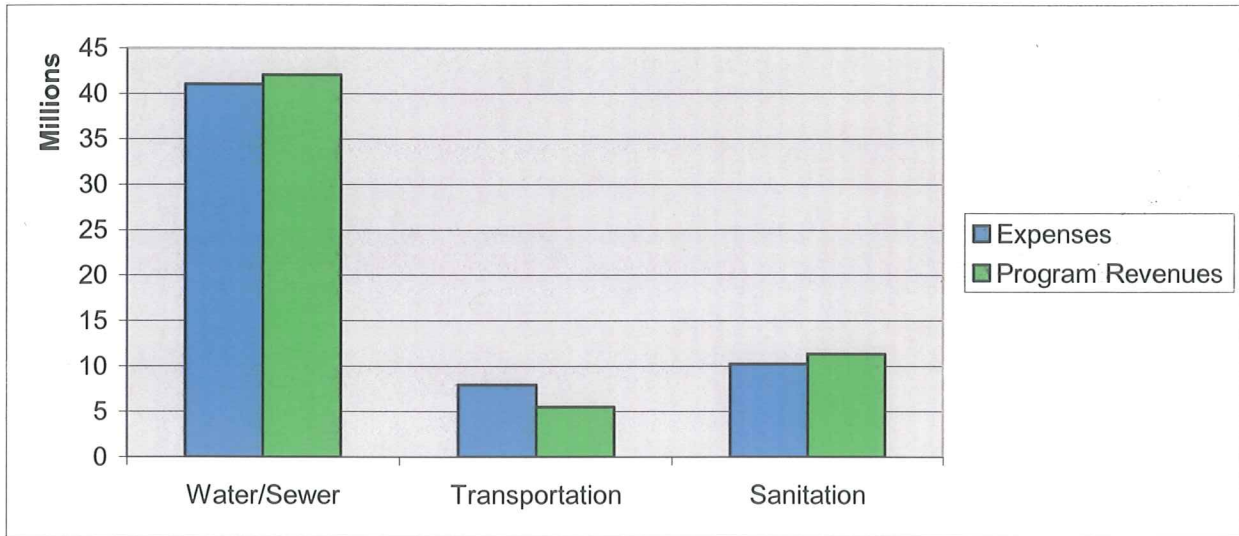
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

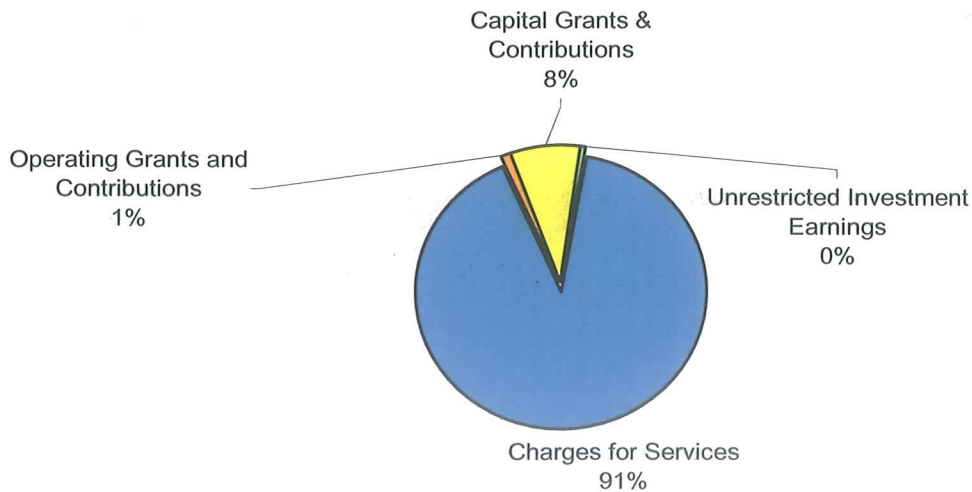
Governmental funds. The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Business-type activities. Business-type activities increased the City of Jackson's net assets by \$3.9 million. This increase is primarily in the Water Sewer fund.

Expenses and Program Revenues—Business—Type Activities



Revenues by Source- Business – Type Activities



CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$56.8 million, an increase of \$6.8 million in comparison with the prior year. Eighty-eight (88) percent of this total amount is \$50 million of which \$26.7 million is available for spending at the government's discretion (*unreserved fund balance*) and \$23.4 million is available for special revenue funds and capital projects. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service (\$2.6 million), 2) State tort claims (\$2.7 million), or 3) for other restricted purposes (\$1.5 million).

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unreserved fund balance of the general fund was \$26.7 million, while total fund balance reached \$30.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 27.5 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount.

During the current fiscal year, the fund balance of the City of Jackson's general fund increased by \$1,793,496. The increase in fund balance for the federal grant fund \$292,084 is for a variety of restricted purposes. The debt service fund has a total fund balance increase of \$106,568 which is partially revenue from property taxes and the payment of debt. The decrease in fund balance for the improvement fund (\$150,987) is to liquidate contracts and purchase orders. The reduction in fund balances for the 1998 GO Bond (\$257,039) and the 2003 GO Bond (\$1,070,630) is the natural spend down of bond proceeds. The reduction in fund balance for the 2006 GO Bond (\$2,708,466) is for the construction of the Capital City Convention Center. The 2009 GO Bond had a fund balance decrease of \$4,863,679 due to indebtedness incurred during the year.

The debt service fund has a total fund balance of \$2.6 million, all of which is reserved for the payment of debt service.

Proprietary funds. The City of Jackson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water/Sewage Disposal System Fund at the end of the year amounted to \$75.1 million. The decrease in net assets for the Water/Sewage Disposal System Fund was \$1.1 million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were \$7.2 million decrease and can be briefly summarized as follows:

- \$1.4 million increase in capital outlay
- \$6.3 million increase in contract services and charges
- \$.8 million decrease in personnel services
- \$.3 million increase in supplies and materials

Significant budgetary expenditure variances between the final amended budget and actual results are as follows:

- Actual personnel services for all city departments was \$3.4 million less than the final budget.
- Actual capital outlay for all city departments was \$4.6 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$10.0 million less than the final budget.
- Actual supplies and materials for all city departments was \$.4 million less than the final budget.

CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2010, amounts to \$635 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's investment in capital assets for the current fiscal year was 1% (a .009% change for governmental activities and a 1% increase in business activities).

Major capital asset events during the current fiscal year included the following:

- The increase in total net assets was the continued expenditure of prior bond issue proceeds for expansion and replacement of infrastructure.

City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 14,528	\$ 14,528	\$ 1,838	\$ 1,838	\$ 16,366	\$ 16,366
Building & systems	58,830	59,076	44,018	46,716	102,848	105,792
Machinery and equipment	11,331	9,665	17,225	14,110	28,556	23,775
Infrastructure	122,401	126,446	147,581	151,746	269,982	278,192
Construction in progress	80,433	72,312	136,594	130,731	217,027	203,043
Total	\$ 287,523	\$ 282,027	\$ 347,256	\$ 345,141	\$ 634,779	\$ 627,168

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 50-52 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$285 million. Of this amount, \$136 million comprises debt backed by the full faith and credit of the City. The remainder of the City of Jackson's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Loans (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 131,720	\$ 134,610	\$ -	\$ -	\$ 131,720	\$ 134,610
Revenue bonds	-	-	148,920	155,830	148,920	155,830
Tax increment bonds	4,231	4,522	-	-	4,231	4,522
Special obligation bonds	-	-	-	-	-	-
Loans, notes and leases	23,917	23,956	20,131	22,732	44,048	46,688
Total	\$ 159,868	\$ 163,088	\$ 169,051	\$ 178,562	\$ 328,919	\$ 341,650

CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Jackson's total debt decreased by \$12.7 million during the current fiscal year.

The bond ratings services from Standard & Poor's and Moody's establish that bonds marketed by the City have favorable investment qualities. Presently, the city has the following ratings:

	<u>Moody's</u>	<u>Standard & Poor's</u>
Revenue	Aa2	A+
General Obligation Bonds	Aa2	AA-
Urban Renewal Revenue Bonds	A2	A

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent and 20 percent of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$101 million in excess of the City of Jackson's outstanding general obligation debt.

Additional information on the City of Jackson's long-term debt can be found in Note 4 on pages 56-66 of this report.

Economic Factors and Next Year's Budgets and Rates

- Major revenues sources are expected to remain basically at existing levels.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Jackson's budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$1.8 million.

Requests for Information

This financial report is designed to provide a general overview of the City of Jackson's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, Office of the Director, P.O. Box 17, Jackson, MS, 39205-0017.

**BASIC FINANCIAL
STATEMENTS**

City of Jackson
Statement of Net Assets
As of September 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
ASSETS					
Cash and cash equivalents	\$ 56,622,795	\$ 13,889,807	\$ 70,512,602	\$ 1,391,205	\$ 2,308,497
Investments	993,630	-	993,630	-	500,000
Accounts receivable, net	156,024	22,625,601	22,781,625	-	-
Other receivable	73,363,066	50,872	73,413,938	2,073,632	1,062,728
Intergovernmental receivable	2,146,034	1,165,265	3,311,299	-	-
Internal balances	2,542,975	(2,542,975)	-	-	-
Inventories	1,469,589	1,711,800	3,181,389	-	54,346
Prepaid Expenses	-	-	-	2,166	62,625
Net pension asset	13,662,563	-	13,662,563	-	-
Restricted assets:					
Cash and cash equivalents	-	46,314,522	46,314,522	97,774	3,718,178
Investments	-	4,000,000	4,000,000	-	-
Deferred charges	445,683	1,830,145	2,275,828	64,838	-
Capital assets:					
Land	14,528,418	1,837,999	16,366,417	6,299,137	5,785,826
Buildings	58,830,266	44,018,073	102,848,339	31,862,790	75,585,899
Automotive and equipment	11,330,519	17,224,616	28,555,135	-	4,246,878
Infrastructure	122,400,549	147,580,769	269,981,318	-	-
Construction in Progress	80,433,492	136,594,238	217,027,730	-	-
Total assets	438,925,603	436,300,732	875,226,335	41,791,542	93,324,977
LIABILITIES					
Liabilities:					
Accounts Payable	5,475,421	5,161,773	10,637,194	156,957	380,941
Accrued interest payable	672,899	653,378	1,326,277	185,025	-
Unearned revenue	68,787,423	-	68,787,423	15,000	272,620
Other liabilities	4,309,204	3,798,975	8,108,179	22,682	210,290
Noncurrent liabilities:					
Net other postemployment benefits	9,553,237	1,370,763	10,924,000	-	-
Due within one year	9,480,884	10,031,761	19,512,645	3,072,000	400,130
Due in more than one year	167,773,436	161,592,558	329,365,994	7,653,642	-
Total liabilities	266,052,504	182,609,208	448,661,712	11,105,306	1,263,981
NET ASSETS					
Invested in capital assets, net of related debt	188,172,322	176,170,510	364,342,832	27,793,979	85,218,473
Restricted for:					
Debt service	2,577,200	-	2,577,200	145,000	-
Capital projects	15,550,136	-	15,550,136	-	-
Other purposes	2,659,173	-	2,659,173	-	-
Capital City Convention Center	2,798,070	-	2,798,070	-	4,218,178
Unrestricted	(38,881,952)	77,521,015	38,639,063	2,747,257	2,624,345
Total net assets	\$ 172,874,949	\$ 253,691,525	\$ 426,566,474	\$ 30,686,236	\$ 92,060,996

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Activities
For the year ended September 30, 2010

	Net (Expenses) Revenues and Changes in Net Assets					
	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating	Capital	Primary Government	Jackson Redevelopment Authority	Capital City Convention Center Commission
	Expenses	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 32,357,472	\$ 4,951,187	\$ 9,718,700	\$ 17,615,687	\$ -	\$ (17,615,687)
Public safety	56,921,903	3,241,084	3,628,691	(50,052,128)	-	(50,052,128)
Public works	27,451,412	1,206,293	708,498	(23,382,058)	-	(23,382,058)
Human and cultural services	9,645,283	2,025,059	3,384,873	(4,235,351)	-	(4,235,351)
Employee benefits	8,764,065	-	-	(8,764,065)	-	(8,764,065)
Interest on long-term debt	8,829,950	-	-	(8,829,950)	-	(8,829,950)
Total governmental activities	143,970,085	11,423,623	17,440,762	(112,879,239)	-	(112,879,239)
Business-type activities:						
Water/Sewer	41,063,718	41,973,689	100,274	-	1,010,245	1,010,245
Nonmajor	7,956,186	430,528	480,000	-	(2,461,173)	(2,461,173)
Sanitation	10,243,747	11,258,373	84,147	-	1,098,773	1,098,773
Total business-type activities	59,263,651	53,662,590	664,421	-	(352,155)	(352,155)
Total primary government	203,233,736	65,086,213	18,105,183	(112,879,239)	(113,231,394)	(113,231,394)
Component units:						
Jackson Redevelopment Authority	\$ 3,337,585	\$ 1,180,789	\$ 1,261,625	\$ -	\$ -	\$ 134,914
Capital City Convention Center Commission	9,231,878	2,122,006	440,722	-	-	-
Total component units	12,569,463	3,302,795	1,702,347	-	-	134,914
General revenues:						
Property taxes				68,522,974	-	68,522,974
Sales taxes				31,268,038	-	31,268,038
Franchise taxes				8,551,468	-	8,551,468
Unrestricted investment earnings				186,797	243,992	430,789
Gain (loss) on sale of capital assets				39,740	21,200	60,940
Miscellaneous				203,451	-	203,451
Transfers				(4,027,402)	4,027,402	-
Total general revenues and transfers				104,745,066	4,292,594	109,037,660
Change in net assets				(8,134,173)	3,940,439	(4,193,734)
Net assets - beginning of year as previously reported				180,611,412	249,751,086	430,362,498
Prior period adjustment				397,710	-	397,710
Net assets - beginning of year as adjusted				181,009,122	249,751,086	430,760,208
Net assets - ending				172,874,949	253,691,525	426,566,474

The notes to the financial statements are an integral part of this statement.

City of Jackson
Balance Sheet
Governmental Funds
As of September 30, 2010

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 28,706,050	\$ 860,820	\$ 2,786,259	\$ 3,295,249	\$ 1,073,244	\$ 4,498,511	\$ 2,798,070	\$ 9,978,821	\$ 1,549,536	\$ 55,546,560
Investments	-	-	-	-	-	-	-	993,630	-	993,630
Accounts receivable, net	-	-	-	-	-	-	-	-	125,000	125,000
Other receivable	55,192,512	13,521	7,613,841	-	-	-	-	16,063	8,757,112	71,593,049
Intergovernmental receivable	58,047	1,912,706	-	175,281	-	-	-	-	-	2,146,034
Special assessment receivable	-	-	139,161	-	-	-	-	-	-	139,161
Due from other funds	2,756,475	-	-	-	-	-	-	-	-	2,756,475
Inventories	1,469,589	-	-	-	-	-	-	-	-	1,469,589
Total assets	\$ 88,182,673	\$ 2,787,047	\$ 10,539,261	\$ 3,470,530	\$ 1,073,244	\$ 4,498,511	\$ 2,798,070	\$ 10,988,514	\$ 10,431,648	\$ 134,769,498
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 2,298,984	\$ 569,315	\$ 43,027	\$ 252,684	\$ 37,500	\$ 157,499	\$ -	\$ 686,426	\$ 82,200	\$ 4,127,635
Contracts and Retainage Payable	-	11,700	-	103,496	17,199	16,655	-	144,130	-	293,180
Due to other funds	-	213,500	-	-	-	-	-	-	-	213,500
Deferred revenue	52,089,845	529,718	7,753,002	-	-	-	-	-	8,678,706	69,051,271
Other liabilities	2,969,869	765,258	166,032	380,984	-	-	-	-	27,061	4,309,204
Total liabilities	\$ 57,358,698	\$ 2,089,491	\$ 7,962,061	\$ 737,164	\$ 54,699	\$ 174,154	\$ -	\$ 830,556	\$ 8,787,967	\$ 77,994,790
Fund Balances										
Reserved for:										
Inventories	1,469,589	-	-	-	-	-	-	-	-	1,469,589
State tort claims	2,659,173	-	-	-	-	-	-	-	-	2,659,173
Debt service	-	-	2,577,200	-	-	-	-	-	-	2,577,200
Unreserved, reported in:										
General fund	26,695,213	-	-	-	-	-	-	-	-	26,695,213
Special revenue funds	-	697,556	-	2,733,366	-	-	-	-	1,600,775	5,031,697
Capital projects funds	-	-	-	-	1,018,545	4,324,357	2,798,070	10,157,958	42,906	18,341,836
Total fund balances	\$ 30,823,975	\$ 697,556	\$ 2,577,200	\$ 2,733,366	\$ 1,018,545	\$ 4,324,357	\$ 2,798,070	\$ 10,157,958	\$ 1,643,681	\$ 56,774,708
Total liabilities and fund balances	\$ 88,182,673	\$ 2,787,047	\$ 10,539,261	\$ 3,470,530	\$ 1,073,244	\$ 4,498,511	\$ 2,798,070	\$ 10,988,514	\$ 10,431,648	\$ 134,769,498

The notes to the financial statements are an integral part of this statement.

City of Jackson
Reconciliation of Balance Sheet - Governmental Funds
To the Statement of Net Assets
September 30, 2010

Amount reported for governmental activities in the statement
of net assets are different because:

Total fund balances - governmental funds	\$ 56,774,708
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	287,523,244
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	13,662,563
Internal service fund is used to account for the group benefit plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	52,653
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	1,770,017
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	124,687
Net other postemployment benefit recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	(9,553,237)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and loans payable, net of refunding gains, premium and discounts	(151,387,089)
Deferred bond issuance costs	445,683
Accrued interest on long-term debt	(672,899)
Capital leases	(13,520,674)
Compensated absences	(4,447,614)
Claims payable	(2,788,833)
Workers' Compensation Benefits	(5,108,260)
Net assets of governmental activities	\$ <u>172,874,949</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES										
General property taxes	\$ 50,482,989	\$ -	\$ 7,599,937	\$ 992,675	\$ -	\$ -	\$ -	\$ -	\$ 8,696,340	\$ 67,771,941
Licenses and permits	2,541,447	-	-	-	-	-	-	-	-	2,541,447
Intergovernmental	34,400,494	11,709,905	207,932	843,810	-	742,349	-	-	520,390	48,424,880
Fines and forfeitures	4,092,070	-	-	-	-	-	-	-	-	4,092,070
Special assessments	-	-	813	-	-	-	-	-	-	813
Admissions, fees, rentals and concessions	3,082,691	-	-	-	-	-	-	-	230,934	3,313,625
Interest	70,779	2,969	10,799	12,655	3,580	13,989	15,977	47,914	8,135	186,797
Other	12,756,963	311,938	385,302	23,638	-	1,210,500	-	-	18,586	14,706,927
Total revenues	107,427,433	12,024,812	8,204,783	1,872,778	3,580	1,966,838	15,977	47,914	9,474,385	141,038,500
EXPENDITURES										
Current:										
General government	23,053,838	7,369,880	-	77,289	-	-	-	-	5,148	30,506,155
Public safety	50,992,230	528,484	-	-	-	-	-	-	49,788	51,570,502
Public works	10,066,400	245,312	-	1,855,125	252,044	1,787,468	-	4,910,779	5,313,341	24,430,469
Human and Cultural services	3,760,718	4,084,859	-	-	-	-	-	-	231,976	8,077,553
Employee benefits	1,507,236	-	-	-	-	-	-	-	6,564,353	8,071,589
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	-	3,806,000	-	-	-	-	-	-	3,806,000
Interest and service charges	-	38,644	7,089,948	-	-	-	-	-	-	7,128,592
Capital outlay:										
General government	407,055	1,674	-	-	-	-	-	-	-	408,729
Public works	603,965	1,969	-	-	8,575	1,250,000	-	-	162,385	2,026,894
Public safety	6,336,490	872,975	-	-	-	-	-	-	38,667	7,248,132
Human and Cultural services	278,335	19,425	-	-	-	-	-	-	-	297,760
Total expenditures	97,006,267	13,163,222	10,895,948	1,932,414	260,619	3,037,468	-	4,910,779	12,365,658	143,572,375
Excess (deficiency) of revenues over (under) expenditures	10,421,166	(1,138,410)	(2,691,165)	(59,636)	(257,039)	(1,070,630)	15,977	(4,862,865)	(2,891,273)	(2,533,875)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	1,430,494	2,779,763	9,580	-	-	-	-	2,981,725	7,201,562
Transfers out	(12,094,575)	-	(21,178)	(100,931)	-	-	(2,724,443)	(814)	(64,086)	(15,006,027)
Payments to escrow agent	-	-	(25,089,144)	-	-	-	-	-	-	(25,089,144)
Capital leases	-	-	-	-	-	-	-	-	-	-
Proceeds of long-term debt	3,427,165	-	-	-	-	-	-	-	61,305	3,488,470
Issuance of refunding bonds	-	-	23,665,000	-	-	-	-	-	-	23,665,000
Proceeds of tax increment bonds	-	-	-	-	-	-	-	-	-	-
Premium on GO bond issuance	-	-	1,463,292	-	-	-	-	-	-	1,463,292
Premium on GO bond issuance	39,740	-	-	-	-	-	-	-	-	39,740
Total other financing sources (uses)	(8,627,670)	1,430,494	2,797,733	(91,351)	-	(2,724,443)	(814)	(814)	2,978,944	(4,237,107)
Net change in fund balances	1,793,496	292,084	106,568	(150,987)	(257,039)	(1,070,630)	(2,708,466)	(4,863,679)	87,671	(6,770,982)
Fund balances at beginning of year	29,030,479	405,472	2,470,632	2,884,353	1,275,584	5,394,987	5,506,536	15,021,637	1,556,010	63,545,690
Fund balances at end of year	\$ 30,823,975	\$ 697,556	\$ 2,577,200	\$ 2,733,366	\$ 1,018,545	\$ 4,324,357	\$ 2,798,070	\$ 10,157,958	\$ 1,643,681	\$ 56,774,708

The notes to the financial statements are an integral part of this statement.

City of Jackson
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (6,770,982)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	5,098,894
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	2,570,850
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Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(3,488,470)
Retirement of prior leases	3,008,975
Bond proceeds recorded in the fund statements	(23,665,000)
Premium on debt issuance	(1,463,292)
Bond issuance costs	25,089,144
Amortization of deferred bond issuance cost	(17,142)

Decrease in net pension asset reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(128,088)
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Increase in net other postemployment benefits liability reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(3,786,877)
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Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(1,949,104)
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Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	(2,391,495)
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Internal service fund net activity not reported on the governmental fund statement	(241,586)
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Change in the net assets of governmental activities	\$ (8,134,173)
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The notes to the financial statements are an integral part of this statement.

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2010

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Revenues:				
General property taxes				
Current realty taxes	\$ 31,266,360	\$ 31,266,360	\$ 30,267,129	\$ (999,231)
Current personal taxes	11,962,852	11,962,852	12,571,389	608,537
Ad valorem taxes on automobiles	6,386,142	6,386,142	5,741,277	(644,865)
Delinquent taxes	290,000	115,000	736,100	621,100
Interest on current taxes	350,000	350,000	21	(349,979)
Interest on delinquent taxes	65,000	240,000	991,632	751,632
Community improvement	177,000	177,000	175,441	(1,559)
Total general property taxes	<u>50,497,354</u>	<u>50,497,354</u>	<u>50,482,989</u>	<u>(14,365)</u>
Licenses and permits				
Privilege licenses	350,250	350,250	399,935	49,685
Building permits	777,967	777,967	647,276	(130,691)
Air conditioning and duct permits	30,000	30,000	60,846	30,846
Plumbing permits	50,000	50,000	42,591	(7,409)
Electric permits	140,000	140,000	150,173	10,173
Gas Permits	85,000	85,000	76,576	(8,424)
Historic preservation application	1,000	1,000	1,754	754
Landscape permits	2,000	2,000	305	(1,695)
Dance hall and other recreational fees	7,500	7,500	9,902	2,402
Landfill charges	1,210,000	1,210,000	1,006,819	(203,181)
Taxicab license fees	2,000	2,000	1,890	(110)
Sign permits	35,200	35,200	60,525	25,325
Zoning permits	37,000	37,000	21,933	(15,067)
Combustible and flammable liquid permits	13,000	7,000	4,020	(2,980)
Fireworks Display Permit	150	150	250	100
Aircraft registration	6,000	6,000	4,497	(1,503)
Transit Merchants-Peddlers License	5,000	5,000	4,300	(700)
Boarding, Lodging-Licenses	1,000	1,000	135	(865)
Adult entertainment-and License	20,000	20,000	32,116	12,116
Special event fee	8,000	8,000	2,006	(5,994)
Fire inspection permit	-	6,000	9,810	3,810
Annual vehicle inspecton	2,350	2,350	3,788	1,438
Total licenses and permits	<u>2,783,417</u>	<u>2,783,417</u>	<u>2,541,447</u>	<u>(241,970)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2010

	<u>Budget Amount</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-</u>
				<u>positive(negative)</u>
Revenues (Continued):				
Intergovernmental Revenues:				
State Grants and Shared Revenues:				
Alcohol permits	\$ 280,000	\$ 280,000	\$ 262,275	\$ (17,725)
Gasoline Tax	31,146	31,146	31,144	(2)
Municipal revolving fund	96,040	96,040	95,633	(407)
State fire protection	954,301	954,301	1,003,527	49,226
Sales tax	32,323,234	29,974,464	29,994,917	20,453
Bus & truck privilege tax	525,000	525,000	496,830	(28,170)
Wireless radio communication program	240,000	240,000	161,764	(78,236)
Jackson Convention & Visitors	-	-	10,109	10,109
Homestead exemption	1,454,500	1,163,951	1,333,838	169,887
Total state grants shared revenues	35,904,221	33,264,902	33,390,037	125,135
Federal and State Grants and Shared Revenues:				
HITDA Grant	75,000	75,000	42,275	(32,725)
COPS- Universal Hire	159,311	159,311	113,854	(45,457)
MDOT Summer Youth reimbursement	35,000	35,000	33,272	(1,728)
MDOT Litter Pick Up	12,168	12,168	12,536	368
Other shared revenue	35,000	35,000	86,336	51,336
Total federal and state shared revenues	316,479	316,479	288,273	(28,206)
County Revenues:				
Pro rata road tax	400,000	400,000	387,238	(12,762)
Smith Robertson Museum	10,000	10,000	-	(10,000)
Hinds County	10,000	244,086	334,946	90,860
Total county revenue	420,000	654,086	722,184	68,098
Total intergovernmental revenues	36,640,700	34,235,467	34,400,494	165,027
Fines and Forfeitures:				
Court & misdemeanor fines	1,200,000	1,200,000	1,036,769	(163,231)
Vehicle parking fines	200,000	200,000	145,192	(54,808)
Moving traffic violations	1,400,000	1,400,000	1,316,438	(83,562)
City court costs	25,000	25,000	22,059	(2,941)
Bad check fee and Warrant fee	177,000	177,000	189,720	12,720
Animal control citations	1,000	1,000	1,683	683
Municipal court computer	20,000	20,000	22,615	2,615
Municipal court drivers impr fee	25,000	25,000	37,370	12,370
Expungement fee	6,000	6,000	7,450	1,450
Jackson collection fee	100,000	100,000	87,911	(12,089)
Miscellaneous Court Docket fee	110,000	110,000	144,084	34,084
Dropped charge fee	5,000	5,000	7,400	2,400
Cash bond - clearing account	40,000	40,000	48,400	8,400
Rearraignment fee	15,000	15,000	23,450	8,450
Daily storage fee-vehicle	42,500	42,500	34,935	(7,565)
Administrative fee - del cases	225,000	225,000	396,419	171,419
Parking - Boot fee	200	200	-	(200)
Contempt fee	10,000	10,000	151,220	141,220
Computerized Crime prevention	15,000	15,000	26,155	11,155
Municipal Court Enhancement fee	-	22,007	22,262	255
Jackson Enhancement fee	-	-	282,623	282,623
Drug court	2,000	2,000	-	(2,000)
Wrecker fees	100,000	100,000	87,789	(12,211)
Photo Enforcement fee	-	-	126	126
Total fines and forfeitures	3,718,700	3,740,707	4,092,070	351,363

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2010

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 152,000	\$ 152,000	\$ 199,228	\$ 47,228
Municipal Auditorium:				
Rentals	101,000	101,000	98,605	(2,395)
Concessions	2,200	2,200	1,591	(609)
Local record fee	6,000	6,000	4,613	(1,387)
Pistol Range rent	500	500	908	408
Outdoor adversting	12,000	12,000	10,972	(1,028)
Fire Water flow test fee	1,000	1,000	2,700	1,700
Fire Reports	8,500	8,500	14,650	6,150
Accident report fee	115,000	115,000	99,225	(15,775)
Background check fee	12,500	12,500	11,370	(1,130)
Bail bondsman applicant photo	200	200	255	55
Bail bondsman mug shot fee	300	300	480	180
Bail bondsman ID card	200	200	655	455
Fingerprinting	16,000	16,000	16,120	120
Verification of records	30,000	30,000	32,633	2,633
Fire sprinkler plans review	4,000	4,000	-	(4,000)
Rents & Royalties	11,000	11,000	10,890	(110)
Telecommunication Franchise Agreement	276,900	276,900	256,200	(20,700)
Tower Rentals	2,388,430	2,388,430	2,246,095	(142,335)
Arts Center:				
Admissions, rents and royalties	12,100	12,100	6,861	(5,239)
Community room rent	16,000	16,000	9,431	(6,569)
Concessions	250	250	258	8
Planetarium:				
Admissions, Discovery Shop, etc.	84,600	84,600	45,095	(39,505)
Senior Centers Reservation Fee	3,600	3,600	2,911	(689)
Smith Robertson Museum:				
Gift shop	1,500	1,500	1,405	(95)
Donations	1,000	4,400	4,643	243
Admissions, rental	5,500	5,500	4,897	(603)
Total admissions and rentals	3,262,280	3,265,680	3,082,691	(182,989)
Interest:				
Earned on investments	269,500	269,500	70,662	(198,838)
Earned on accounts	332	332	117	(215)
Total interest earned	269,832	269,832	70,779	(199,053)

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2010

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Other Revenues:				
Public utility	\$ 5,190,797	\$ 4,190,796	\$ 4,434,978	\$ 244,182
Franchise cable television	1,638,350	1,638,350	1,889,927	251,577
Water Sewer Franchise Fee	830,597	830,597	830,597	-
Nuclear power plant	1,635,134	1,635,134	1,623,072	(12,062)
In-lieu-of property tax	20,999	20,999	20,999	-
Sale of cemetery lots	20,000	20,000	31,000	11,000
Small animal control	3,000	3,000	3,975	975
Police-sale of weapons	3,000	3,000	22	(2,978)
Parking fee-City employees	7,000	7,000	7,690	690
Police	190,000	229,008	321,494	92,486
Indirect cost	2,418,184	2,418,184	2,368,481	(49,703)
Street index books	1,000	1,000	-	(1,000)
Sale of land	10,000	10,000	-	(10,000)
Hoerner Endowment	-	-	2,000	2,000
Electrical exam	100	100	75	(25)
Penalty on demo/grass/weeds	6,500	6,500	16,113	9,613
Cemeteries-openings/closings	25,000	25,000	33,275	8,275
Sale of scrap metal	-	-	702	702
Site plan review planning	15,000	15,000	13,103	(1,897)
Construction plan review	3,500	3,500	910	(2,590)
Building & Permit misc	125,000	125,000	111,465	(13,535)
Cafeteria plan-flexible spending	150,000	150,000	140,303	(9,697)
Administrative fee-payroll deductions	-	-	13,569	13,569
Sale of maps, plans, and specifications	3,500	3,500	4,357	857
Traffic	2,000	2,393	968	(1,425)
Legal/City Clerk/Finance and Management	27,000	27,000	25,650	(1,350)
Fire Museum donations	2,000	3,000	1,010	(1,990)
Fire Department	1,000	1,700	3,855	2,155
I.D. Badge fee-city employee	500	500	570	70
Abstract fees	-	-	6,510	6,510
Settlement of insurance claim	631	40,807	187,193	146,386
Proceeds from assets and forfeitures	6,000	160,165	497,531	337,366
P E G Revenue	-	-	394	394
Other	484,001	19,359	165,175	145,816
Total other revenues	12,819,793	11,590,592	12,756,963	1,166,371
Total revenues	109,992,076	106,383,049	107,427,433	1,044,384

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2010

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Expenditures:				
Current Operations:				
General Government				
Administration and Intra-governmental				
Personnel services	\$ 9,943,270	\$ 9,605,299	\$ 8,566,226	\$ 1,039,073
Supplies	719,408	723,059	294,475	428,584
Other services and charges	7,255,584	14,391,752	6,145,816	8,245,936
Capital outlay	2,847,777	2,860,251	398,932	2,461,319
Total Department of Administration	20,766,039	27,580,361	15,405,449	12,174,912
Personnel				
Personnel services	1,135,252	1,046,681	866,271	180,410
Supplies	3,487	23,511	11,559	11,952
Other services and charges	746,404	463,250	871,073	(407,823)
Capital Outlay	1,174	6,434	4,963	1,471
Total Department of Personnel	1,886,317	1,539,876	1,753,866	(213,990)
Planning				
Personnel services	1,818,450	2,263,775	2,039,334	224,441
Supplies	66,144	105,799	81,925	23,874
Other services and charges	3,952,882	4,405,913	4,179,245	226,668
Capital Outlay	2,000	2,475	1,075	1,400
Total Department of Planning	5,839,476	6,777,962	6,301,579	476,383
Total General Government	28,491,832	35,898,199	23,460,894	12,437,305
Department of Human and Cultural Services				
Health and Welfare				
Personnel supplies	1,165,159	1,165,159	1,059,011	106,148
Supplies	22,800	22,800	19,460	3,340
Other services and charges	582,443	582,443	556,886	25,557
Capital outlay	265,085	265,085	263,582	1,503
Total Health and Welfare	2,035,487	2,035,487	1,898,939	136,548
Culture and Recreation				
Personnel services	588,080	628,865	562,100	66,765
Supplies	97,835	150,886	131,314	19,572
Other services and charges	1,460,699	1,495,346	1,431,947	63,399
Capital outlay	2,000	21,155	14,753	6,402
Total Culture and Recreation	2,148,614	2,296,252	2,140,114	156,138
Total Department of Human and Cultural Services	4,184,101	4,331,739	4,039,053	292,686
Department of Public Safety				
Personnel services	46,712,613	45,733,830	44,361,432	1,372,398
Supplies	3,124,432	3,118,894	3,310,477	(191,583)
Other services and charges	4,534,391	4,037,803	3,320,259	717,544
Capital outlay	6,971,134	7,909,144	6,336,552	1,572,592
Total Department of Public Safety	61,342,570	60,799,671	57,328,720	3,470,951

City of Jackson

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2010

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,228,506	\$ 7,307,792	\$ 6,910,180	\$ 397,612
Supplies	1,329,389	1,535,638	1,410,295	125,343
Other services and charges	2,977,931	2,402,508	1,746,521	655,987
Capital outlay	782,300	1,187,716	603,368	584,348
Total Department of Public Works	<u>12,318,126</u>	<u>12,433,654</u>	<u>10,670,364</u>	<u>1,763,290</u>
Current Operations				
Employee Benefits				
Supplies	60,000	60,000	51,968	8,032
Other services and charges	1,917,729	1,917,729	1,455,268	462,461
Total Employee Benefits	<u>1,977,729</u>	<u>1,977,729</u>	<u>1,507,236</u>	<u>470,493</u>
Total expenditures	<u>108,314,358</u>	<u>115,440,992</u>	<u>97,006,267</u>	<u>18,434,725</u>
Excess(deficiency) of revenues over expenditures	1,677,718	(9,057,943)	10,421,166	(19,479,109)
Other Financing Sources(Uses)				
Tranfers out	(12,755,388)	(12,755,288)	(12,094,575)	(660,713)
Proceeds from long term debt	5,668,463	4,835,963	3,427,165	1,408,798
Sale of Fixed Assets	277,050	277,050	39,740	237,310
Total other financing sources(uses)	<u>(7,086,925)</u>	<u>(7,919,325)</u>	<u>(8,627,670)</u>	<u>985,395</u>
Net change in fund balance	(5,409,207)	(16,977,268)	1,793,496	(18,493,714)
Fund balances at beginning of year	29,030,479	29,030,479	29,030,479	-
Fund balances at end of year	<u>\$ 23,621,272</u>	<u>\$ 12,053,211</u>	<u>\$ 30,823,975</u>	<u>\$ (18,770,764)</u>

The notes to the financial statements are an ingral part of this statement.

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budget Amount</u>		<u>Actuals Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$18,247,663	\$ 35,613,915	\$ 11,709,905	\$ (23,904,010)
Interest	-	-	2,969	2,969
Other	144,000	442,315	311,938	(130,377)
Total revenues	<u>18,391,663</u>	<u>36,056,230</u>	<u>12,024,812</u>	<u>(24,031,418)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	7,874,426	5,864,215	4,367,025	1,497,190
Supplies	826,783	546,153	781,074	(234,921)
Other Services and Charges	10,565,470	27,758,065	7,119,081	20,638,984
Capital Outlay	255,675	2,470,229	896,042	1,574,187
Total expenditures	<u>19,522,354</u>	<u>36,638,662</u>	<u>13,163,222</u>	<u>23,475,440</u>
Excess (deficiency) of revenues over expenditures	<u>(1,130,691)</u>	<u>(582,432)</u>	<u>(1,138,410)</u>	<u>555,978</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	803,974	433,865	975,860	541,995
Internal Service Fund	-	-	377,345	(377,345)
Improvement Fund	163,758	837,806	77,289	760,517
Total other financing sources (uses)	<u>967,732</u>	<u>1,271,671</u>	<u>1,430,494</u>	<u>158,823</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(162,959)</u>	<u>689,239</u>	<u>292,084</u>	<u>(397,155)</u>
Fund balances at beginning of year	<u>405,472</u>	<u>405,472</u>	<u>405,472</u>	<u>-</u>
Fund balances at end of year	<u>\$ 242,513</u>	<u>\$ 1,094,711</u>	<u>\$ 697,556</u>	<u>\$ (397,155)</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 1,070,000	\$ 1,070,000	\$ 992,675	\$ (77,325)
Intergovernmental Revenue	1,397,871	1,467,213	843,810	(623,403)
Interest	-	-	12,655	12,655
Other revenues	-	97,096	23,638	(73,458)
Total revenues	<u>2,467,871</u>	<u>2,634,309</u>	<u>1,872,778</u>	<u>(761,531)</u>
EXPENDITURES				
Current Operations				
Supplies	1,200,000	1,151,650	48,459	1,103,191
Other Services and Charges	<u>4,962,948</u>	<u>5,526,228</u>	<u>1,883,955</u>	<u>3,642,273</u>
Total expenditures	<u>6,162,948</u>	<u>6,677,878</u>	<u>1,932,414</u>	<u>4,745,464</u>
Deficiency of revenues over (under) expenditures	(3,695,077)	(4,043,569)	(59,636)	(3,983,933)
OTHER FINANCING SOURCES(USES)				
Transfers in	-	-	9,580	9,580
Transfers out	-	-	(100,931)	(100,931)
Proceeds from long term debt	<u>806,387</u>	<u>806,387</u>	<u>-</u>	<u>806,387</u>
Total other financing sources and uses	<u>806,387</u>	<u>806,387</u>	<u>(91,351)</u>	<u>897,738</u>
Net change in fund balances	(2,888,690)	(3,237,182)	(150,987)	(3,086,195)
Fund balances at beginning of year	<u>2,884,353</u>	<u>2,884,353</u>	<u>2,884,353</u>	<u>-</u>
Fund balances at end of year	<u>\$ (4,337)</u>	<u>\$ (352,829)</u>	<u>\$ 2,733,366</u>	<u>\$ (3,086,195)</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2010

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Assets					
Current Assets:					
Cash and cash equivalents	\$ 12,243,849	\$ 1,645,958	\$ -	\$ 13,889,807	\$ 1,076,235
Accounts receivable, less allowances	17,762,291	4,863,310	-	22,625,601	31,024
Intergovernmental receivables	-	4,923	1,160,342	1,165,265	-
Other receivables	50,872	-	-	50,872	-
Restricted Assets					
Cash and cash equivalents	17,063,000	-	-	17,063,000	-
Inventories	1,711,800	-	-	1,711,800	-
Total Current Assets	<u>48,831,812</u>	<u>6,514,191</u>	<u>1,160,342</u>	<u>56,506,345</u>	<u>1,107,259</u>
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents	29,251,522	-	-	29,251,522	-
Investments	4,000,000	-	-	4,000,000	-
Deferred charges - bond costs, net of amortization	1,830,145	-	-	1,830,145	-
Total Noncurrent Assets	<u>35,081,667</u>	<u>-</u>	<u>-</u>	<u>35,081,667</u>	<u>-</u>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,676,997	77,487	186,007	117,940,491	-
Water plant, distribution system and equipment	258,770,549	-	945,787	259,716,336	-
Automotive and other equipment	11,543,486	2,623,101	18,180,642	32,347,229	-
	389,379,031	2,700,588	19,762,436	411,842,055	-
Less: accumulated depreciation	<u>(187,820,669)</u>	<u>(1,373,265)</u>	<u>(11,986,664)</u>	<u>(201,180,598)</u>	<u>-</u>
	201,558,362	1,327,323	7,775,772	210,661,457	-
Construction in Progress	136,580,438	-	13,800	136,594,238	-
Net property, plant and equipment	<u>338,138,800</u>	<u>1,327,323</u>	<u>7,789,572</u>	<u>347,255,695</u>	<u>-</u>
Total Assets	<u>\$ 422,052,279</u>	<u>\$ 7,841,514</u>	<u>\$ 8,949,914</u>	<u>\$ 438,843,707</u>	<u>\$ 1,107,259</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2010

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Liabilities and Fund Equity					
Current Liabilities Payable from Unrestricted Assets:					
Accounts/claims payable	\$ 2,572,903	\$ 699,896	\$ 1,888,974	\$ 5,161,773	\$ 362,130
Due to other funds	-	-	2,542,975	2,542,975	-
Compensated absences	267,167	25,307	8,573	301,047	-
Customer deposits	3,798,975	-	-	3,798,975	-
Current portion of Long-Term Debt:					
Lease obligations	1,355,181	379,184	282,020	2,016,385	-
State Department of Environmental Quality	1,629,328	-	-	1,629,328	-
Total Current Liabilities Payable from Unrestricted Assets	9,623,554	1,104,387	4,722,542	15,450,483	362,130
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	6,085,000	-	-	6,085,000	-
Accrued interest payable	653,378	-	-	653,378	-
Total Current Liabilities Payable from Restricted Assets	6,738,378	-	-	6,738,378	-
Total Current Liabilities	16,361,932	1,104,387	4,722,542	22,188,861	362,130
Post Employment Benefits accrual	1,370,763	-	-	1,370,763	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Compensated absences	189,371	47,834	881	238,086	-
Revenue bonds	144,871,137	-	-	144,871,137	-
(net of unamortized discount/premium)					
Lease obligations	1,478,602	408,643	798,122	2,685,367	-
State Department of Environmental Quality	13,797,968	-	-	13,797,968	-
Total Long-Term Debt	160,337,078	456,477	799,003	161,592,558	-
Total Liabilities	178,069,773	1,560,864	5,521,545	185,152,182	362,130
Net Assets					
Invested in capital assets, net of related debt	168,921,584	539,496	6,709,430	176,170,510	-
Unrestricted	75,060,922	5,741,154	(3,281,061)	77,521,015	745,129
Total Net Assets	243,982,506	6,280,650	3,428,369	253,691,525	745,129
Total liabilities and net assets	\$ 422,052,279	\$ 7,841,514	\$ 8,949,914	\$ 438,843,707	\$ 1,107,259

The notes in the financial statements are an integral part of this statement.

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
As of September 30, 2010

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating Revenues:					
Sales to customers	\$ 41,973,689	\$ 11,258,373	\$ 430,528	\$ 53,662,590	\$ -
Contributions	-	-	-	-	4,502,136
Contributions - City Match	-	-	-	-	2,807,141
Other revenues	<u>100,274</u>	<u>84,147</u>	<u>480,000</u>	<u>664,421</u>	<u>243,626</u>
Total Operating Revenues	<u>42,073,963</u>	<u>11,342,520</u>	<u>910,528</u>	<u>54,327,011</u>	<u>7,552,903</u>
Operating Expenses:					
Personnel services	9,971,052	1,152,572	83,467	11,207,091	-
Supplies	4,138,811	230,140	793,492	5,162,443	-
Other services and charges	12,018,186	8,625,493	6,171,228	26,814,907	11,576,962
Depreciation	<u>7,985,600</u>	<u>235,542</u>	<u>907,999</u>	<u>9,129,141</u>	<u>-</u>
Total operating expenses	<u>34,113,649</u>	<u>10,243,747</u>	<u>7,956,186</u>	<u>52,313,582</u>	<u>11,576,962</u>
Operating income (loss)	<u>7,960,314</u>	<u>1,098,773</u>	<u>(7,045,658)</u>	<u>2,013,429</u>	<u>(4,024,059)</u>
Nonoperating revenues (expenses):					
Interest revenue	239,717	2,148	2,127	243,992	5,410
Interest and service charges on long-term debt and capitalized lease obligations	(6,735,720)	-	-	(6,735,720)	-
Sale of fixed assets	16,375	4,825	-	21,200	-
Amortization of bond issuance cost	<u>(214,349)</u>	<u>-</u>	<u>-</u>	<u>(214,349)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(6,693,977)</u>	<u>6,973</u>	<u>2,127</u>	<u>(6,684,877)</u>	<u>5,410</u>
Income (loss) before contributions and transfers	<u>1,266,337</u>	<u>1,105,746</u>	<u>(7,043,531)</u>	<u>(4,671,448)</u>	<u>(4,018,649)</u>
Capital contributions from grants	<u>-</u>	<u>-</u>	<u>4,584,485</u>	<u>4,584,485</u>	<u>-</u>
Transfers In:					
General Fund	-	-	4,027,402	4,027,402	4,154,408
Enterprise Fund	-	-	145,363	145,363	-
Transfers Out:					
Federal Grant Fund	-	-	-	-	(377,345)
Enterprise Fund	<u>(145,363)</u>	<u>-</u>	<u>-</u>	<u>(145,363)</u>	<u>-</u>
Total Transfers In (Out)	<u>(145,363)</u>	<u>-</u>	<u>4,172,765</u>	<u>4,027,402</u>	<u>3,777,063</u>
Change in Net Assets	<u>1,120,974</u>	<u>1,105,746</u>	<u>1,713,719</u>	<u>3,940,439</u>	<u>(241,586)</u>
Total net assets - beginning	<u>242,861,532</u>	<u>5,174,904</u>	<u>1,714,650</u>	<u>249,751,086</u>	<u>986,715</u>
Total net assets - ending	<u>\$ 243,982,506</u>	<u>\$ 6,280,650</u>	<u>\$ 3,428,369</u>	<u>\$ 253,691,525</u>	<u>\$ 745,129</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Cash Flows
Proprietary Funds
As of September 30, 2010

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 41,973,689	\$ 11,258,373	\$ 430,528	\$ 53,662,590	\$ 7,309,277
Receipts from other revenue	(2,470,068)	(707,744)	1,302,649	(1,875,163)	226,237
Payments to suppliers	(15,783,187)	(8,604,530)	(5,689,380)	(30,077,097)	(11,981,173)
Payments to employees	(9,971,052)	(1,088,328)	(140,501)	(11,199,881)	-
Net Cash provided by (used for)					
Operating Activities	<u>13,749,382</u>	<u>857,771</u>	<u>(4,096,704)</u>	<u>10,510,449</u>	<u>(4,445,659)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	-	-	4,172,765	4,172,765	4,154,408
Transfers Out	(145,363)	-	-	(145,363)	(377,345)
Net cash provided by noncapital financing activities	<u>(145,363)</u>	<u>-</u>	<u>4,172,765</u>	<u>4,027,402</u>	<u>3,777,063</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(6,408,563)	(111,221)	(4,546,693)	(11,066,477)	-
Proceeds from sale of capital assets	16,375	4,825	-	21,200	-
Proceeds from capital debt	602,313	354,132	123,955	1,080,400	-
Principal paid on capital debt	(10,097,542)	(253,745)	(239,935)	(10,591,222)	-
Proceeds from capital contributions	-	-	4,584,485	4,584,485	-
Interest paid on capital debt	(7,286,791)	-	-	(7,286,791)	-
Net cash provided by (used for) capital and related financing activities	<u>(23,174,208)</u>	<u>(6,009)</u>	<u>(78,188)</u>	<u>(23,258,405)</u>	<u>-</u>
Cash Flow Provided by (Used for) Investing Activities:					
Purchase of investment securities	(4,000,000)	-	-	(4,000,000)	-
Proceeds from sale and maturities of investment securities	2,042,340	-	-	2,042,340	-
Interest on investments	239,717	2,148	2,127	243,992	5,410
Net Cash provided by investing activities	<u>(1,717,943)</u>	<u>2,148</u>	<u>2,127</u>	<u>(1,713,668)</u>	<u>5,410</u>
Net increase (decrease) in cash and cash equivalents	<u>(11,288,132)</u>	<u>853,910</u>	<u>-</u>	<u>(10,434,222)</u>	<u>(663,186)</u>
Cash and cash equivalents at beginning of year	<u>69,846,503</u>	<u>792,048</u>	<u>-</u>	<u>70,638,551</u>	<u>1,739,421</u>
Cash and cash equivalents at end of year	<u>\$ 58,558,371</u>	<u>\$ 1,645,958</u>	<u>\$ -</u>	<u>\$ 60,204,329</u>	<u>\$ 1,076,235</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Cash Flows
Proprietary Funds
As of September 30, 2010

	Water/Sewer Disposal System	Sanitation	Nonmajor Enterprise Funds	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ 7,960,314	\$ 1,098,773	\$ (7,045,658)	\$ 2,013,429	\$ (4,024,059)
Depreciation Expense	7,985,600	235,542	907,999	9,129,141	-
(Increase) decrease in accounts receivable, net	(2,834,393)	(786,968)	-	(3,621,361)	(17,389)
Increase (decrease) in inventories	227,836	-	-	227,836	-
(Increase) decrease in other receivable	59,717	(4,923)	822,649	877,443	-
(Increase) decrease in deferred charges	214,349	-	-	214,349	-
(Increase) decrease in due to other funds	-	(204,334)	(417,086)	(621,420)	-
Increase (decrease) in due from other funds	204,334	-	-	204,334	-
Increase (decrease) in accounts payable	(27,604)	455,437	1,692,426	2,120,259	(404,211)
Increase (decrease) in compensated absences	21,059	64,244	(57,034)	28,269	-
Increase (decrease) in customer deposits	(61,830)	-	-	(61,830)	-
Total adjustments	5,789,068	(241,002)	2,948,954	8,497,020	(421,600)
Net cash provided by (used for) operating activities	<u>\$ 13,749,382</u>	<u>\$ 857,771</u>	<u>\$ (4,096,704)</u>	<u>\$ 10,510,449</u>	<u>\$ (4,445,659)</u>
Recap of cash and cash equivalents:					
Cash and cash equivalents	\$ 12,243,849	\$ 1,645,958	\$ -	\$ 13,889,807	\$ 1,076,235
Restricted cash and cash equivalents	46,314,522	-	-	46,314,522	-
	<u>\$ 58,558,371</u>	<u>\$ 1,645,958</u>	<u>\$ -</u>	<u>\$ 60,204,329</u>	<u>\$ 1,076,235</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JACKSON
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 247,020	\$ 10,598
Investment at fair value:		
Certificate of deposit	<u>30,000</u>	<u>-</u>
Total assets	<u>\$ 277,020</u>	<u>\$ 10,598</u>
Liabilities and Net Assets		
Liabilities:		
Payables to others	\$ <u>5,316</u>	\$ <u>10,598</u>
Total liabilities	<u>5,316</u>	<u>\$ 10,598</u>
Net Assets:		
Held in trust	<u>271,704</u>	
Total net assets	<u>271,704</u>	
Total liabilities and net assets	<u>\$ 277,020</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF JACKSON
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 861
Other additions	<u>207,415</u>
Total additions	\$ <u>208,276</u>
Deductions:	
General government	
Trust funds	\$ <u>188,584</u>
Total deductions	<u>188,584</u>
Change in Net Assets	19,719
Net assets at beginning of year	<u>252,012</u>
Net assets at end of year	\$ <u><u>271,731</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 - Summary of Significant Accounting Policies

A. REPORTING ENTITY

The City of Jackson, Mississippi (the City) is incorporated under the Laws of the State of Mississippi. The City operates under the Mayor-Council form of government with a full-time Mayor elected from the City at large and seven part-time Council members (City Council) elected from wards. The City's major operations include police and fire protection, parks and recreation, public works, public transit system, urban development and general administrative services. In addition, the City owns and operates a water and sewer system.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

In evaluating the City as a reporting entity, management has addressed potential component units for which the City may or may not be financially accountable and as such, be included within the City's financial statements. The component units discussed below are included because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit

Using the criteria above, management has determined that the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission should be reported as discretely presented component units of the City. The discretely presented component units are reported in separate columns in the government-wide statements to emphasize they are legally separate from the primary government. The following is a summary of the City's discretely presented component units.

The Jackson Redevelopment Authority (JRA) was established in 1968 under Section 43-35-1 through 235 of the Mississippi Code of 1942, as annotated. In 1970, JRA became the Parking Authority for the City under the same statute. The Mayor of the City makes appointments to a seven-member Board of Commissioners for staggered five-year terms to oversee the operations of JRA. Members may be removed from office for inefficiency, neglect of duty or misconduct in office. The City Council appropriates the administrative operating budget and must review and approve any amendments or budgetary adjustments. The City Council is responsible for designation of those urban renewal projects undertaken by JRA. The City makes annual contributions necessary to pay a portion of JRA's urban renewal bonds and has agreed to make payment of substantially all of the outstanding bonds. JRA operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for JRA may be obtained at its administrative office located at 218 South President Street, Jackson, Mississippi 39201.

The Capital City Convention Center Commission, a non-profit corporation, was authorized to be created by House Bill 1832 during the 2004 Regular Session of the Mississippi State Legislature. The entity is governed by nine commissioners. The Mayor of the City appoints hotel/motel members for initial terms of one and three years, respectively, restaurant members for initial terms of two and four years, respectively. The Mayor appoints two members representing the business community for initial terms of one and five years, respectively. The Mayor appoints two members at large for initial terms of two and three years, respectively. One member is appointed by the Governor of Mississippi for an initial term of four years.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

A. REPORTING ENTITY (Continued):

The City issued \$65,000,000 of General Obligation Bonds for the development of the proposed Convention Center. The Capital City Convention Center Commission has jurisdiction and authority over all matters relating to the acquisition, construction, furnishing, equipping, erection, operation, maintenance, and promotion of a convention center. The Commission submits its budget and certain other planned actions to the City for comment prior to initiation. The Commission operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for the Capital City Convention Center Commission may be obtained at P. O. Box 3563, Jackson, Mississippi 39207.

Related Organizations

The following four agencies are non-profit corporations established within the City of Jackson. The Mayor appoints the board members of each respective agency as confirmed by the City Council. Each agency is fiscally independent from the City of Jackson, issues its debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City of Jackson is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

Airport Authority
100 International Drive
Jackson, MS 39208

Jackson Housing Authority
2747 Livingston Road
Jackson, MS 39213

Jackson Public School District
662 South President Street
Jackson, MS 39201

Metro Jackson Convention & Visitors Bureau
921 North President Street
Jackson, MS 39202

Joint Ventures

The Jackson/Hinds Library System (the System) operates under a joint agreement between the City and Hinds County and is funded equally by the City and the County. The joint agreement was effective October 1, 1986. All buildings used by the System within the City of Jackson are owned and maintained by the City and, as such, have been included in the capital assets of governmental activities. The Jackson/Hinds Library System's financial statements may be obtained by writing to 300 North State Street, Jackson, MS 39201.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's water/sewer, sanitation, and public transit services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS
(Continued):**

The government-wide Statement of Activities reports both the gross and net costs of each of the City's functions and business-type activities (police, fire, public works, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, public works, etc.) or a business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The net costs (by function or business-type activities) are normally covered by general revenue (property, sales or gas tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect cost. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net assets resulting from the current year's activities. Separate financial statements are provided for governmental funds and proprietary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Major individual governmental funds are reported as separate columns in the fund financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Proprietary Funds and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds and Internal Service Funds include the cost of sales and services, direct administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds are used to report resources in a purely custodial capacity (assets equal liabilities). So, agency funds cannot be said to have a measurement focus, however, they do use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major government funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

Federal Grant Fund – This fund is used to account for proceeds of various federal grant programs.

Debt Service Fund - This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of the Enterprise Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

Improvement Fund – This fund is used to account for revenues that are legally restricted for improvements to City facilities.

1998 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$35,000,000 issued to finance certain projects including storm drainage systems, construction of a youth detention center, and repairing buildings.

2003 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$20,000,000 issued to finance certain projects including storm drainage systems, repairing and the construction of municipal buildings, infrastructures, and other related improvements.

2006 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$65,000,000 issued to finance the acquisition, construction, equipping, and furnishing of a convention center in the City to be known as the Capital City Convention Center and other authorized costs.

2009 GO Bond Fund – This fund is used to account for proceeds of general obligation bonds of \$26,210,000 issued to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways and public parking facilities.

The City reports the following major proprietary funds:

Water/Sewage Disposal System Fund - This fund accounts for activities associated with the provision of water, sewerage and water pollution control services to individuals, organizations and other governmental units within and around the City.

Sanitation Fund – This fund accounts for activities associated with the City's sanitation and recycling service.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Additionally, the City reports the following fund types:

Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The City has three trust funds, the Unemployment Compensation Revolving Fund, the Charitable Trust Fire and Police Fund, and the Mausoleum Trust Fund. The function of the City's principal Unemployment Compensation Revolving Fund is to account for contributions made by the City, held in trust, for all valid unemployment claims pursuant to State law. The function of the Charitable Trust Fire and Police Fund is to account for contributions from the public sector which is held in trust for fire and police allowable medical claims. The function of the Mausoleum Trust Fund is to maintain and upkeep the Henry Mausoleum.

The purpose of the City's Agency Funds is to collect and remit to the related organizations the property taxes collected and proceeds of a special sales tax received from the State. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral as further discussed in Note 4.A, is pledged by the various financial institutions to secure City funds.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):

3. Investments

Investments are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. Government.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the City of Jackson, in consultation with its investment advisors and custodial bank, has determined the fair values.

4. Restricted Assets

Certain proceeds of the City's Proprietary Fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and trust accounts and their use is limited by applicable bond covenants. Restricted amounts in governmental activities include amounts set aside by law for state tort claims and amounts accumulated for general obligation bond debt service.

5. Inventories

Inventories are priced at cost using the weighted average method. Inventories are accounted for using the consumption method and are not charged out until used. Inventories consist of major stores of materials and supplies held at central locations. The user departments and other funds of the City are charged for the cost value of the items, as they are withdrawn from inventory.

6. Capital Assets

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$500, infrastructure - \$100,000, and construction in progress – based on the project's class. The cost of normal maintenance and repair that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures within governmental activities are not capitalized.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):

6. Capital Assets (Continued):

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary fund assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. The proceeds from the sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

7. Compensated Absences

The City accrues accumulated unpaid personal leave and associated employee-related cost when earned (or estimated to be earned) by employees up to 240 hours. For the Proprietary Funds and the government-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated by the following funds: general fund, special revenue, transportation, sanitation & water/sewer.

8. Bond Discounts, Bond Premiums and Issuance Costs

In the governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Sources/Uses".

In the proprietary funds and government-wide financial statements, bond discounts, bond premiums and issuance costs are deferred and amortized over the terms of the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable. Issuance costs are recorded as other assets.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):

9. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near fair market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

10. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are recognized at the levy date. All property taxes are billed, collected and recognized as revenue within the same period for which they are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In, applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provided and deferred revenue by the recipient.

11. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

12. Reserves and Designations

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. City has a municipal bond debt service reserve insurance policy for the proprietary funds in lieu of cash. Amounts reserved for state tort claims represent amounts required by state law to be segregated for these purposes. The unreserved designated fund balance of the Capital Projects Funds is appropriated for expenditures in future years.

13. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):

14. Pension Expenses

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in Note 5.F.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Actual results could differ from those estimates.

16. Future Effective Accounting Pronouncements

GASB issued Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is effective for periods beginning after June 15, 2010. Early implementation is encouraged. The requirements in this Statement will change financial reporting by providing fund balance categories and classifications that are expected to be more easily understood. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. This statement is expected to have a significant effect on how the City reports its fund balances.

GASB issued Statement No 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. This Statement will not have a significant impact on the City.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 2 – Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$177,483 difference are as follows (in thousands):

Bonds payable	\$ 146,348
Less: Deferred charge on refunding (to be amortized as interest expense)	1,376
Less: Issuance premium	4,212
Less: Issuance discount (to be amortized as interest expense)	(546)
Deferred bond issuance cost	(446)
Accrued interest payable	673
Capital leases payable	13,521
Claims and judgments	2,789
Compensated absences	4,448
Workers' Compensation Benefits	5,108
	<hr/>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 177,483</u>

Another element of that reconciliation explains that “Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.” The details of this \$745 difference are as follows (in thousands):

Net assets of the internal service funds	<u>\$ 745</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 745</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$5,099 difference are as follows (in thousands):

Capital outlay	\$ 8,122
Depreciation expense	(3,023)
	<hr/>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$5,099</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities
(Continued):**

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$27,363 difference are as follows (in thousands):

Principal repayments:	
General obligation debt	\$ 26,555
Limited obligation debt	291
Other debt	<u>517</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 27,363</u>

Another element of that reconciliation states that "The activities from debt related transactions include new capital lease proceeds reported in the fund statements and retirement of prior lease." The details of this \$479 difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 3,488
Principal repayments:	
Payment on capital lease	<u>(3,009)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 479</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$2,246 difference are as follows (in thousands):

Compensated absences	\$ 135
Workers' compensation benefits	719
Claims and judgments	172
Accrued interest	231
Amortization of bond premium	369
Amortization of bond discounts	(27)
Amortization of issuance costs	664
Amortization of deferred costs	<u>(17)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 2,246</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities
(Continued):**

Another element of that reconciliation states that "Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements." The details of this \$2,391 difference are as follows (in thousands):

Property taxes receivable	\$ 2,252
Special assessments receivable	<u>139</u>

Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 2,391</u>
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Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this (\$242) difference are as follows (in thousands):

Change in net assets of the internal service funds	<u>\$ (242)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (242)</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 3 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing budgetary data reflected in the financial statements.

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division of the Department of Administration by June 1 each year.
3. The Finance Division of the Department of Administration reviews the expenditure budgets, and the necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared by July 1, and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds (with the exception of the 1986 Industrial Park, the 1992 Special Assessment and the 1996 Metro Station Funds), Enterprise Funds, Internal Service Fund and Trust Funds (with the exception of the Charitable Trust Fire and Police Fund). Budgets for the Enterprise Funds are prepared on a GAAP basis but exclude depreciation and bad debt expense and include debt retirement payments. The General Fund, Debt Service Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund and Trust Funds are prepared in accordance with GAAP. Budget and actual comparisons are presented in the accompanying financial statements for all governmental type funds for which a budget is adopted.

During the fiscal year, several adjustments are normally required to the adopted budget. The approved budget may be amended as required in accordance with the following protocol:

- a. Revenues are reviewed at least quarterly, and the projections are adjusted if warranted. These adjustments to expected revenues, if material, can precipitate adjustments to the expenditure budget.
- b. Adjustments to transfer approved expenditure budgets from one department to another or to transfer from one category to another within a department must be approved by the City Council.
- c. All new appropriations must be approved by the City Council and are normally submitted by the Mayor's Office.

The legal level of control for all budgets adopted is at the category level by funds with the exception of the General Fund, which is appropriated at the category level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 3 – Stewardship, Compliance and Accountability (Continued):

A. BUDGETARY INFORMATION (Continued):

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The Finance Division of the Department of Administration advises the Mayor whenever a requested expenditure will exceed budgeted amounts. The City Council may approve expenditures in excess of budgeted amounts in various funds or departments as appropriate, as long as total annual expenditures do not exceed available resources. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts as originally adopted were amended by the City Council in September 2010 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 123,670	\$ 123,100	\$ (570)
Special Revenue Funds	32,327	50,164	17,837
Debt Service Fund	20,183	20,849	666
Capital Projects Funds	37,641	40,336	2,695
Enterprise Funds	141,335	136,728	(4,607)
Internal Service Fund	11,424	11,925	501
	<u>\$ 366,580</u>	<u>\$ 383,102</u>	<u>\$16,522</u>

9. Unexpended appropriations lapse at year end in all funds.

B. DEFICIT FUND EQUITY

The City has no deficit fund equity by individual fund as of September 30, 2010.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds

A. DEPOSITS AND INVESTMENTS

1. Policies and Practices

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

2. Deposits – Primary government

At year end, the carrying amount of the City's deposits was \$116,827,124 and the bank balances totaled \$122,747,024. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$122,497,024 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

3. Investments – Primary Government

As of September 30, 2010, the City had investments consisting of U.S. Agencies at a total fair value of \$4,993,630 with a total Portfolio Weighted Average maturity of less than one year. The credit rating of the investments were AAA at September 30, 2010.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to losses from rising interest rates, the City's investment policy limits investment maturities in its portfolio to no more than 12 months for U.S. Treasury obligations for all investments except bond funds. With respect to bond funds, the City can invest in obligations of U.S. federal agencies for no more than 18 months.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possessions of an outside party. Consistent with the City's investment policy, all investments above are held by a counterparty and are not insured but are backed by the U. S. government.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- Money market mutual funds where portfolios consist entirely of U. S. governmental and/or federal agency securities
- Bonds or direct obligations of the:
 - United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

A. DEPOSITS AND INVESTMENTS (Continued):

4. Cash and Investments - Component Units

The component unit's policy is to invest available funds in the following types of investments: 1) direct obligations of the U. S. of America, including such instruments as treasury bills, treasury notes and treasury bonds; 2) obligations of U. S. Government agencies that are deliverable on the Federal Reserve System; 3) Repurchase agreements in U. S. Government securities made with dealers that report to and are regulated by the Federal Reserve Bank; 4) deposits with financial institutions which are insured or are fully collateralized by qualifying securities.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). As of September 30, 2010 all of the component unit's cash deposits in excess of the amounts covered by the FDIC were covered under the collateral pool administered by the State Treasurer.

Cash equivalents are reflected at cost, which approximates fair value. These cash equivalents were uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2010, cash equivalents of the component unit consisted of the following (n thousands):

Jackson Redevelopment Authority	
U. S. Treasury Bills:	
Unrestricted	\$ 622
Restricted under bond agreements	62
	<u>\$ 684</u>
Capital City Convention Center Commission	
Certificate of deposit:	
Unrestricted	<u>\$ 500</u>

B. RECEIVABLES

Receivables at September 30, 2010, for the primary government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	General	Debt Service	Water and Sewer	Sanitation	Improvement	Federal Grant	2009 G O Bond	Nonmajor and Other Funds	Total
Receivables:									
Accounts receivable \$	- \$	- \$	17,762 \$	4,863 \$	- \$	- \$	- \$	156 \$	22,781
Intergovernmental	58	-	-	5	175	1,913	-	1,160	3,311
Other	55,193	7,614	51	-	-	14	16	8,757	71,645
Gross receivables \$	<u>\$ 55,251</u>	<u>\$ 7,614</u>	<u>\$ 17,813</u>	<u>\$ 4,868</u>	<u>\$ 175</u>	<u>\$ 1,927</u>	<u>\$ 16</u>	<u>\$ 10,073</u>	<u>\$ 97,737</u>

Receivables of Water and Sewer are reported net of uncollectible amounts.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

1. Property taxes

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds, Rankin and Madison Counties bill and collect the real, personal and auto ad valorem taxes for the City of Jackson, Jackson Municipal Separate School District and the Jackson/Hinds Library System. Automobile taxes are remitted monthly and real and personal taxes are remitted on a weekly basis to the City of Jackson. Hinds County remits directly to the Jackson Municipal Separate School District taxes collected for all school funds except the Bond and Interest Fund in accordance with State law. Hinds County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due on February 1 and one-fourth each on May 1 and August 1.

Tax millage levies for 2009 were collected in the current fiscal year and statutory maximum millage rates were as follows:

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	42.53	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	6.63	Debt retirement	None
Disability and Relief Fund	<u>5.56</u>	Retirement	None
Total City of Jackson	<u>56.72</u>		
Jackson/Hinds Library System	<u>1.31</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	68.91	Public schools	None
Special Debt Retirement Levy	1.66	Public schools	None
Special Debt Retirement Bond	3.00	Public schools	None
Special Debt Retirement	<u>1.42</u>	Public schools	None
	<u>74.99</u>		
Total mills	<u>133.02</u>		

The City levies an assessment for the Landscape Improvement fund which consists of nine cents of the gross square footage of land and building of property owners located in the downtown development district.

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon assessed valuation of properties.

Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

1. Property taxes (Continued):

The State levies a 7% sales tax on retail sales and remits 18.5% of collections to the City monthly. Intergovernmental revenue of the General Fund includes \$29,994,917 of sales tax revenue.

In accordance with the Local and Private Act, since January 1, 2005 the City has levied, assessed and is collecting: (a) tax of 1% of the gross proceeds of sales of restaurants and of sales of food and beverages in the hotels and motels, within the City; (b) a tax of 3% of the gross proceeds of sales of hotel and motel rooms and lodging within the City; and (c) a tax of 3% of gross proceeds of sales at the Convention Center by caterers. The tax is primarily to be used for debt service payments on bonds issued for the construction of a convention center.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 736,100
Delinquent property taxes receivable (debt service fund)	991,632
Special assessments not yet due (debt service fund)	139,161
Current year tax assessments (all funds)	66,654,660
Grant drawdowns prior to meeting all eligibility requirements	<u>529,718</u>
Total unearned revenue for governmental funds	<u>\$ 69,051,271</u>

C. CHANGES IN CAPITAL ASSETS

1. Primary government capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Balance September 30, 2009		Additions		Deletions		Adjustments		Balance September 30, 2010
Governmental Activities:									
Capital assets not being depreciated:									
Land	\$ 14,528	\$	-	\$	-	\$	-	\$	14,528
Construction in progress	72,312		8,122		-		-		80,434
Total capital assets not being depreciated	86,840		8,122		-		-		94,962
Capital assets being depreciated:									
Buildings	80,155		1,293		-		-		81,408
Infrastructure	214,246		-		-		-		214,246
Automotive and equipment	75,875		5,133		(1,955)		(11,105)		67,948
Total capital assets being depreciated	370,276		6,386		(1,955)		(11,105)		363,602
Less accumulated depreciation for:									
Buildings	(21,079)		(1,499)		-		-		(22,578)
Infrastructure	(87,800)		(4,045)		-		-		(91,845)
Automotive and equipment	(66,210)		(3,863)		1,954		11,502		(56,617)
Total accumulated depreciation	(175,089)		(9,407)		1,954		11,502		(171,040)
Total capital assets being depreciated, net	195,187		(3,021)		(1)		397		192,562
Total governmental activities capital assets, net	\$ 282,027	\$	5,101	\$	(1)	\$	397	\$	287,524

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

	Balance September 30, 2009	Additions	Deletions	Balance September 30, 2010
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	130,731	5,863	-	136,594
Total capital assets not being depreciated	<u>132,569</u>	<u>5,863</u>	<u>-</u>	<u>138,432</u>
Capital assets being depreciated:				
Buildings	117,894	46	-	117,940
Infrastructure	259,313	403	-	259,716
Automotive and equipment	27,753	4,931	(336)	32,348
Total capital assets being depreciated	<u>404,960</u>	<u>5,380</u>	<u>(336)</u>	<u>410,004</u>
Less accumulated depreciation for:				
Buildings	(71,178)	(2,744)	-	(73,922)
Infrastructure	(107,567)	(4,568)	-	(112,135)
Automotive and equipment	(13,643)	(1,817)	336	(15,124)
Total accumulated depreciation	<u>(192,388)</u>	<u>(9,129)</u>	<u>336</u>	<u>(201,181)</u>
Total capital assets being depreciated, net	<u>212,572</u>	<u>(3,749)</u>	<u>-</u>	<u>208,823</u>
 Total business-type activities capital assets, net	 <u>\$ 345,141</u>	 <u>\$ 2,114</u>	 <u>\$ -</u>	 <u>\$ 347,255</u>

2. Depreciation expense was charged to functions of the primary government as follows (in thousands):

Governmental Activities:	
General government	\$ 1,882
Public Works	3,010
Human & Cultural	1,693
Public Safety	<u>2,822</u>
Total depreciation expense – governmental activities	<u>\$ 9,407</u>
 Business-Type Activities:	
Water/Sewer	\$ 7,985
Sanitation	236
Non-major business – type activities	<u>908</u>
Total depreciation expense – business-type activities	<u>\$ 9,129</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

3. Construction work in progress at September 30, 2010 for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
Improvement Fund	\$ 13,071,520	\$ 353,264
Community Development Block Grant	1,739,977	369
1982 Industrial Park Bond	189,686	-
1988 G O Public Improvement Construction Bond	116,179	-
1994 G O Public Improvement Construction Bond	10,000	-
1998 G O Public Improvement Construction Bond	18,406,119	126,594
2003 G O Public Improvement Construction Bond	21,251,601	722,990
2007 Tax Increment Limited Obligation Bond	2,077,735	-
2008 G O Street Construction Bond	16,494,542	3,719,177
2009 American Recovery Reinvestment Act	1,969	3,619
Thalia Mara Hall	231,976	-
Economic Development Initiative –		
Economic Development	166,134	14,423
Traffic – Repair and Replacement	2,088,031	292,717
Drainage – Repair and Replacement	701,496	33,767
Housing Rehab	284,377	-
Resurfacing – Repair and Replacement	3,592,506	30,034
Hawkins Field Industrial Development	9,643	-
Parks – Repair and Replacement	-	28,161
Total	\$ 80,433,941	\$ 5,325,115

4. Construction work in progress at September 30, 2010 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$136,594,238</u>	<u>\$3,302,705</u>
Total	<u>\$136,594,238</u>	<u>\$3,302,705</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued)

5. A summary of changes in capital assets for component units is as follows (in thousands):

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2010, was as follows:

Business-Type Activities:	Balance September 30, 2009	Additions	Deletions	Balance September 30, 2010
Capital assets not being depreciated:				
Land	4,383	\$ -	\$ -	\$ 4,383
Construction in progress	25	53	-	78
Property held for development	1,805	33	-	1,838
Total capital assets not being depreciated	6,213	86	-	6,299
Other capital assets:				
Land improvements	29	-	-	29
Buildings	49,929	-	-	49,929
Equipment and furniture	1,288	-	-	1,288
Total other capital assets	51,246	-	-	51,246
Less accumulated depreciation for:				
Land improvements	(29)	-	-	(29)
Buildings	(16,812)	(1,254)	-	(18,066)
Equipment and furniture	(1,287)	(1)	-	(1,288)
Total capital assets being depreciated	(18,128)	(1,255)	-	(19,383)
Total other capital assets, net	33,118	(1,255)	-	31,863
Total capital assets, net	39,331	\$ 1,169	\$ -	\$ 38,162

Depreciation expense was charged to activities as follows (in thousands):

Urban renewal projects	\$ 814
Rehabilitation loan services	1
Parking facilities	440
Total	<u>\$ 1,255</u>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2010, was as follows (in thousands):

Business-Type Activities:	Balance September 30, 2009	Additions	Deletions	Transfers	Balance September 30, 2010
Capital assets not being depreciated:					
Land	\$ 5,740	\$ 46	\$ -	\$ -	\$ 5,785
Building and improvements	79,640	269	-	-	79,909
Equipment	4,092	155	-	-	4,247
	89,472	470	-	-	89,942
Less accumulated depreciation	(1,895)	(2,429)	-	-	(4,324)
Total capital assets, net	\$ 87,577	\$ (1,959)	\$ -	\$ -	\$ 85,618

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Individual fund interfund receivable and payable balances as of September 30, 2010 follows (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,756	\$ -
Federal Grant	-	214
Nonmajor Proprietary Funds	-	2,542
Total	<u>\$ 2,756</u>	<u>\$ 2,756</u>

Summary of transfer in/transfer out within primary government (in thousands):

	Transfer In	Transfer Out
General Fund	\$ -	\$ 12,095
Debt Service Fund	2,780	21
Federal Grant Fund	1,430	-
Improvement Fund	10	100
2006 G O Bond	-	2,724
2009 G O Bond	-	1
Nonmajor Governmental Funds	2,982	65
Internal Service Fund	4,154	377
Nonmajor Proprietary Funds	4,027	-
Total	<u>\$ 15,383</u>	<u>\$ 15,383</u>

Interfund transfers at September 30, 2010 consist of the following (in thousands):

\$	1	From the Major Governmental Fund (2009 G O Bond) to the Debt Service Fund for debt service payment.
	77	From the Improvement Fund to the Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	2,724	From the Major Governmental Fund (2006 G O Bond) to the Debt Service Fund for debt service payment.
	932	From the General Fund to the Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	10	From the Nonmajor Governmental Fund (1988 Construction Fund) to the Major Governmental Fund (Improvement Fund) to subsidize operations.
	2,982	From the General Fund to the Nonmajor Governmental Funds (Parks and Recreation and State Grant Funds) to subsidize operations.
	55	From the Nonmajor Governmental Fund (1994 & 1996 G O Bonds) to Debt Service Fund for debt service payment.
	4,154	From the General Fund to the Internal Service Fund to subsidize operations.
	4,027	From the General Fund to the Nonmajor Proprietary Funds (Transportation) to subsidize operations.
	377	From the Internal Service Fund to the Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	23	From the Improvement Fund to the Nonmajor Governmental Fund (Federal Grant Fund) to subsidize operations.
	21	From the Debt Service Fund to the Major Governmental Fund to subsidize operations.
\$	<u>15,383</u>	

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

E. CAPITAL LEASES:

The City leases property with varying terms and options. Most leases contain a clause that states that the lease shall terminate in the event that no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancellable leases for financial reporting purposes.

The City has financed through lease agreements the acquisition of the data processing division computer system, word-processing systems for the legal division, computerized records management system and a computer-aided dispatch system for the fire and police departments, and various copying and duplicating equipment. In addition, tractors have been acquired for both the Water Maintenance and the Engineering Maintenance divisions; golf carts have been acquired for the City's golf courses and riding lawn mowers have been acquired for park maintenance. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. Future minimum lease payments under operating leases are disclosed in the following note. At September 30, 2010, there were assets under capital lease totaling \$18,330,322 for machinery and equipment. Future minimum lease payments for capital leases are disclosed in Note 4.G.8.

The City has reported the proceeds of capital leases related to its Proprietary Funds as inflows of cash since the City receives cash advances from the lessors and purchases the related assets.

F. OPERATING LEASES:

The City is obligated under certain noncancellable leases for land and buildings with terms remaining more than one year that are classified as operating leases. Operating leases do not give rise to property rights; therefore, the results of the lease agreements are not reflected in the City's account groups. Total lease expenditures for the rental of all land and buildings under operating leases for the year ended September 30, 2010, amounted to \$557,611. The following is a schedule by years of future minimum lease payments required under the noncancellable land and building operating leases as of September 30, 2010, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 471
2012	405
2013	188
2014	188
2015	188
2016 and thereafter	<u>2,392</u>
Total	<u>\$ 3,832</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2010 totaled to \$1,222,881. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are to be repaid from proprietary revenues.

The City issued \$20 million of general obligation bonds in January 2003 to provide funds for the costs of: (A) erecting, repairing, improving, and equipping municipal buildings, (B) improving streets, (C) traffic signals, (D) drainage improvements.

On August 4, 2005, the City issued \$20,960,000 in General Obligation Refunding Bonds with an average interest rate of 4.26 percent to advance refund \$20,710,000 of outstanding General Obligation Bonds, Series 1998 with an average interest rate of 5.05. The net proceeds of \$21,904,652 (after payment of \$343,777 in underwriting fees, insurance and other issuance costs) were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the General Obligation Bonds, Series 1998. As a result, the General Obligation Bonds, Series 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. A portion (\$7,490,000) of the General Obligation Bonds, Series 1998 was not refunded.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,401,036. This difference is being charged to operations through the year 2017. The City completed the advance refunding to reduce its total debt service payments over the next 12 years by \$816,595 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$861,719.

On November 8, 2006, the City issued \$65,000,000 in General Obligation Bonds to provide funds (a) to purchase the City Bond to provide funds to the City in order to finance the acquisition, construction, equipping, and furnishing of a convention center in the City to be known as the Capital City Convention Center and for other authorized purposes under the Act (the "Construction Project"), and (b) to pay the Costs of Issuance of the Series 2006 Bonds and the City Bond, including the cost of the premium for the Bond Insurance Policy.

On January 1, 2009 the City issued \$26,210,000 General Obligation Street Resurfacing Bond. The Bonds are being issued to provide funds to (a) purchase the City Bond to provide funds to the City to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways, walkways and public parking facilities, and purchasing land therefore; and constructing bridges and culverts and (b) pay the Costs of Issuance of the Bonds and the City Bond.

On September 1, 2010 the City issued \$23,665,000 in General Obligation Refunding Bonds Series A & B. The bonds were issued to provide funds to the City in order to refund, defease and/or restructure certain outstanding maturities on the \$5,490,000 General Obligation Refunding Bond, Series 1998, the \$35,000,000 General Obligation Bonds, Series 1998, the \$20,000,000 General Obligation Bonds, Series 2003, the \$20,960,000 General Obligation Refunding Bonds, Series 2005, the \$5,155,000 General Obligation Refunding Bonds, Series 2008, and the \$26,210,000 General Obligation Bonds, Series 2009, and to pay the costs of issuance.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (CONTINUED):

The average interest rate on the 2010 General Obligation Refunding Bond is 4.17%. The net proceeds of \$25,128,292 resulted in an economic loss to the City in the amount of (\$2,116,552). The 1998 General Obligation Bond \$5,490,000, the 1998 General Obligation Bond \$35,000,000, and the 2008 General Obligation Bond \$5,155,000 are considered to be defeased and the liability for those bonds have been removed from the government-wide statement of net assets. A portion of the 2003 General Obligation Bond \$20,000,000, 2005 General Refunding Bond \$20,960,000, and the 2009 General Obligation Bond \$26,210,000 were not refunded.

At September 30, 2010, the City has \$24,545,076 general obligation bonds considered to be defeased and outstanding.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates. General obligation bonds currently outstanding at September 30, 2010, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Obligation Bonds:					
Refunding Bonds, Series 1998	06/16/98	3.75-4.85%	07/01/14	5,490	-
General Obligation Bonds, Series 1998	10/01/98	4.00-5.25%	10/01/18	35,000	-
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	12,395
General Obligation Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	9,615
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	65,000
Obligation Bonds, Refunding 2009	05/01/08	3.00-5.00%	05/01/13	5,155	-
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	01/01/24	26,210	21,045
General Obligation Refunding Series 2010A	09/01/10	3.00-5.00%	09/01/24	16,655	16,655
General Obligation Refunding Series 2010B	09/01/10	4.370	09/01/24	7,010	<u>7,010</u>
Total General Obligation Bonds					<u>\$ 131,720</u>

2. Revenue Bonds

On October 22, 2004, the City issued \$78,085,000 of Water/Sewer System Revenue and Revenue Refunding Bonds with an average interest rate of 4.53 percent to provide construction funding of \$57,985,452 and to advance refund \$5,030,000 of outstanding Water/Sewer System Revenue Bonds, Series 1999 with an average interest rate of 6.38 percent and to advance refund \$5,895,000 of outstanding Water/Sewer System Revenue Bonds, Series 2002 with an average interest rate of 3.71. The net proceeds of \$11,567,152 (after payment of \$210,259 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the portions of the Water/Sewer System Revenue Bonds, Series 1999 and the Water/Sewer System Revenue Bonds, Series 2002 that were refunded.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

As a result, the portion of the Water/Sewer System Revenue Bonds, Series 1999 and the Water/Sewer System Revenue Bonds, Series 2002 that were refunded are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$642,152. This difference is being charged to operations through the year 2034. The City completed the advance refunding to reduce its total debt service payments over the next 6 years by \$9,212,277 which resulted in an economic gain (difference between the present values of the old debt and the new debt service payments) of \$209,734.

On August 4, 2005, the City issued \$27,180,000 in Water/Sewer System Revenue Refunding Bonds with an average interest rate of 4.32 percent to advance refund \$25,800,000 of outstanding Water/Sewer System Revenue Bonds, Series 1999 with an average interest rate of 5.21. The net proceeds of \$27,758,429 (after payment of \$496,236 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the Water/Sewer System Revenue Bonds, Series 1999. As a result, the Water/Sewer System Revenue Bonds, Series 1999 bonds are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund. A portion (\$5,085,000) of the Water/Sewer System Revenue Bonds, Series 1999 was not refunded. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,785,028. This difference is being charged to operations through the year 2024. The City completed the advance refunding to reduce its total debt service payments over the next 19 years by \$1,057,504 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,383,192. Revenue bonds outstanding, at September 30, 2010, were as follows (in thousands):

<u>Revenue Bonds:</u>	<u>Date of</u>	<u>Interest</u>	<u>Final</u>		
<u>Enterprise Funds:</u>	<u>Obligation</u>	<u>Rate</u>	<u>Maturity</u>	<u>Issued</u>	<u>Outstanding</u>
			<u>Date</u>		
Combined Water/Sewer System Bonds Series 2002	09/01/02	3.00-5.50%	09/01/32	50,000	42,355
Water/Sewer Revenue Refunding 2003	02/15/03	4.00-5.25%	09/01/11	40,520	3,595
Water/Sewer Revenue Refunding 2004	10/22/04	3.00-5.00%	09/01/34	78,085	77,260
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	<u>25,710</u>
Total Revenue Bonds					<u>\$ 148,920</u>

At September 30, 2010, the City had no revenue bonds considered to be defeased and outstanding.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

3. Tax Increment Limited Obligation Bonds

The City issued \$2.270 million of tax increment limited obligation bonds in December 2007 to provide funds for the costs of constructing certain infrastructure improvements, site development and or site preparation in connection with the development and construction of a redevelopment project located within the City. The City entered into an Interlocal Cooperation Agreement with Hinds County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are not a general obligation of the City. Limited obligation bonds outstanding at September 30, 2010, are as follows (in thousands):

<u>Limited Obligation Bonds:</u>	<u>Date of</u>	<u>Interest</u>	<u>Final</u>		
<u>General Long-Term Debt:</u>	<u>Obligation</u>	<u>Rate</u>	<u>Maturity</u>	<u>Issued</u>	<u>Outstanding</u>
			<u>Date</u>		
Tax Increment Financing Bonds, 2007	12/28/07	4.47%	03/01/2020	2,270	2,000
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407,000	395
Tax Increment Financing Bonds, 2009	6/16/2009	3.83%	7/1/2015	375,000	318
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600,000	1,518
Total Limited Obligation Bonds					<u>\$ 4,231</u>

4. Section 108 Loan

On July 1, 2008, the City entered into a loan guaranty assistance in an amount not to exceed the \$10,000,000 under Section 108 of the Housing and Community Development Act of 1974 for the purpose of providing assistance for the Capital City Center Revitalization Project and for development of a revolving business loan program. Under the Contract for Loan Guarantee Assistance between the City and HUD, HUD authorized the City to loan up to \$10,000,000 under the 108 Program to TCI MS Investment, Inc. for special economic development activities under 24 CFR 570.703(i)(1) and 570.203(b) and, in particular, for "site assemblage" costs for the Revitalization Project. Upon repayment of the TCI Loan, the City is authorized to use funds under the 1098 program for the Business Loan Pool.

The Revitalization Project is to consist of development of two (2) hotels, commercial and retail space, a parking garage and residential facilities to help revitalize the City's CBD while providing job creation for persons of low and moderate income through construction activities and then through the new businesses opened as part of the Revitalization Project. The Business Loan Pool is to be used to provide loan to for-profit and non-profit businesses and organizations which meet the eligibility requirements of 24 CFR 570.703, the national objective requirements of 570.208 and, if applicable, the public benefit standards of 570.209(b).

As required by the Guaranty Agreement, the City also entered into an agreement with Regions Bank to serve as custodian of original loan and security documents for the loan to TCI.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

5. Jackson Redevelopment Authority

Urban Renewal Bonds and Notes

Urban renewal bonds and notes are issued to provide funds for various rehabilitation projects. The urban renewal bonds outstanding and net of unamortized bond discount of \$421,669 at September 30, 2010, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Urban Renewal Bonds:</u>					
Enterprise Funds:					
Urban Renewal Revenue Bonds, Series 1997-A	10/01/97	4.00-5.00%	11/01/13	12,270	2,280
Urban Renewal Central Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	1,880
Urban Renewal Central Business District, 1998-B	09/01/98	6.50-8.50%	09/01/23	1,175	855
Urban Renewal Bonds Jackson Mall Area Project, 1998-A	11/01/98	4.10-5.70%	11/01/13	650	220
Urban Renewal Bond Central Business District, 2000-A	11/01/00	5.00-7.00%	11/01/25	2,250	1,820
Urban Renewal Note Central Business District 2006-A-1	10/01/06	3.75%	10/01/10	4,450	1,985
Urban Renewal Note, Series 2009	08/10/09	6.50%	08/01/19	1,750	<u>1,686</u>
Total Urban Renewal Bonds and Notes					<u>\$ 10,726</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

6. A summary of long-term debt transactions for the primary government and for the component unit for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and loans payable:					
General obligation bonds	\$ 134,610	\$ 23,665	\$ 26,555	\$ 131,720	\$ -
Limited obligation bonds	4,522	-	291	4,231	325
State issued bonds	571	-	285	286	286
State revolving loan MDA	497	-	35	462	38
Miss. Development Bank Loan	2,847	-	197	2,650	215
Section 108 Loan	7,000	-	-	7,000	-
Less deferred amounts:					
For issuance discount	(707)	133	(27)	(547)	-
On refunding	1,459	581	664	1,376	-
For issuance premium	3,118	1,463	369	4,212	-
Total bonds payable	153,917	25,842	28,369	151,390	864
Capital leases	13,040	3,489	3,009	13,520	3,606
Claims and judgments	2,616	596	424	2,788	630
Workers' Compensation Benefits	4,390	2,173	1,455	5,108	1,930
Compensated absences	4,316	2,265	2,133	3,875	2,452
	24,362	8,523	7,021	25,291	6,707
Total Governmental Activity	\$ 178,279	\$ 34,365	\$ 35,390	\$ 176,681	\$ 7,571
Business-type activities:					
Bonds and loans payable:					
Revenue bonds	\$ 155,830	\$ -	\$ 6,910	\$ 148,920	\$ 6,085
Less deferred amounts:					
For issuance premiums	4,578	-	625	3,953	-
On refunding	(1,919)	-	(214)	(1,705)	-
Total bonds payable	158,489	-	7,321	151,168	6,085
Capital leases	5,735	1,080	2,112	4,703	2,016
State Revolving Loan (DEQ)	16,997	-	1,569	15,428	1,629
Compensated absences	511	347	319	539	301
	23,243	1,427	4,000	20,670	3,946
Total Business-type activities	\$ 181,732	\$ 1,427	\$ 11,321	\$ 171,838	\$ 10,031
Component Unit-Jackson Redevelopment Authority					
Urban Renewal bonds	\$ 8,535	\$ -	\$ 1,465	\$ 7,070	\$ 1,020
Urban Renewal notes	3,735	-	64	3,671	2,052
Less deferred amounts:					
For issuance premiums	-	-	-	-	-
On refunding	(35)	-	(20)	(15)	-
Component Unit – Capital City Convention Center Commission					
Promissory Note	400	-	400	-	-
Total Component Unit	\$ 12,635	\$ -	\$ 1,909	\$ 10,726	\$ 3,072
Total Long-Term Debt	\$ 372,646	\$ 35,792	\$ 48,620	\$ 359,818	\$ 20,674

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

7. The City's legal debt margin for the issuance of general obligation bonds was \$102,165,054 at September 30, 2010.

8. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$416,365 for the component unit as of September 30, 2010, including interest, by source of retirement are as follows (in thousands):

Debt Service Fund (Special Tax Levy)

Fiscal Year	General Obligation Bonds		Total
	Interest	Principal	
2011	\$ 6,202	\$ -	\$6,202
2012	6,252	430	6,682
2013	6,232	650	6,882
2014	6,142	5,505	11,647
2015	5,923	5,845	11,768
2016 – 2020	24,904	33,310	58,214
2021 – 2025	14,967	41,080	56,047
2026 – 2030	9,071	15,990	25,061
2031 – 2035	4,491	23,180	27,671
2036 – 2040	143	5,730	5,873
Total	<u>\$ 84,327</u>	<u>\$131,720</u>	<u>\$ 216,047</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2011	\$ 186	\$ 325	\$ 6,713
2012	172	343	7,197
2013	157	367	7,406
2014	140	383	12,170
2015	122	408	12,298
2016 – 2020	345	1,962	60,521
2021 – 2025	37	443	56,527
2026 – 2030	-	-	25,061
2031 – 2035	-	-	27,671
2036 – 2040	-	-	5,873
Total	<u>\$ 1,159</u>	<u>\$ 4,231</u>	<u>\$ 221,437</u>

General Fund (General Fund Revenues)

Fiscal Year	Obligation Under Capital Leases		Total
	Interest	Principal	
2011	\$ 415	\$ 3,606	\$ 4,021
2012	303	2,921	3,224
2013	219	2,466	2,685
2014	151	1,323	1,474
2015	107	1,259	1,366
2016 – 2020	80	1,851	1,931
2021 – 2025	5	94	99
Total	<u>\$ 1,280</u>	<u>\$ 13,520</u>	<u>\$14,800</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Enterprise Funds - Water/Sewage Disposal System Fund (Water/Sewer Revenue)

Revenue Bonds

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2011	\$ 7,284	\$ 6,085
2012	6,996	4,245
2013	6,818	4,425
2014	6,637	4,605
2015	6,435	4,805
2016 – 2020	28,384	27,830
2021 – 2025	20,822	33,105
2026 – 2030	12,911	31,990
2031 – 2035	<u>4,076</u>	<u>31,830</u>
Total	<u>\$ 100,363</u>	<u>\$ 148,920</u>

Obligations Under
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2011	\$ 114	\$ 2,017
2012	59	1,758
2013	23	490
2014	14	145
2015	9	150
2016 – 2020	<u>4</u>	<u>143</u>
Total	<u>\$ 223</u>	<u>\$ 4,703</u>

<u>Fiscal Year</u>	<u>State Revolving Loan</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2011	\$ 502	\$ 1,629	\$ 17,631
2012	440	1,692	15,190
2013	374	1,757	13,887
2014	307	1,825	13,533
2015	246	1,316	12,961
2016 – 2020	658	4,817	61,836
2021 – 2025	142	1,990	56,059
2026 – 2030	8	402	45,311
2031 – 2035	<u>-</u>	<u>-</u>	<u>35,906</u>
Total	<u>\$ 2,677</u>	<u>\$ 15,428</u>	<u>\$272,314</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2011	\$ 522	\$ 3,072	\$ 3,594
2012	399	1,416	1,815
2013	341	856	1,197
2014	309	401	710
2015	289	361	650
2016 – 2020	1,050	2,935	3,985
2021 – 2025	247	1,535	1,782
2026 – 2030	<u>5</u>	<u>165</u>	<u>170</u>
	3,162	10,741	13,903
Unamortized refunding cost and discounts	<u>-</u>	<u>(15)</u>	<u>(15)</u>
Total	<u>\$ 3,162</u>	<u>\$ 10,726</u>	<u>\$ 13,888</u>

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. The City has designated proceeds from Community Development Block Grants to service approximately 39% of the Jackson Redevelopment Authority bond requirements. Principal and interest maturities for 2010 were paid by contributions from the General Fund of \$1,261,625.

There are a number of requirements contained in various revenue bond ordinances. The City is in compliance with all significant requirements.

9. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2010, including interest of \$614,499 for the component unit are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2010	\$ 28,365	\$ 3,594
2011	25,611	1,815
2012	23,978	1,197
2013	27,177	710
2014	26,625	650
2015 and thereafter	<u>376,795</u>	<u>5,922</u>
Total	<u>\$ 508,551</u>	<u>\$ 13,888</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

10. Interest Rate Swap

On March 31, 2004, the City and the Mississippi Development Bank (collectively "the City") executed a confirmation with RFPC, LLC (a subsidiary of Rice Financial Products Company) (the "2004 Swap Counterparty"), in connection with the execution of an Interest Rate Swap Agreement (the "2004 Swap Agreement") in order to reduce the debt service costs associated with certain outstanding obligations of the City. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project) issued to fund certain water and sewer improvements for the City. The notional amount of the swap is \$49,105,000. The City received a savings pre-payment of \$119,235 from the 2004 Swap Counterparty.

Under the 2004 Swap Agreement the City receives a fixed rate from the 2004 Swap Counterparty, and in return pays a fixed rate less an Adjustment Factor. The Adjustment Factor exposes the City to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap are exchanged semiannually. The swap became effective on April 1, 2005 and will terminate on April 1, 2024. An early termination of the swap transaction may result in the City making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2010, the fair value of the transaction was a liability of \$2,266,841 for the City, which is not recorded, in the financial statements.

Risks Associated with the 2004 Swap Agreement

Credit Risk – The City's swap relies on the performance of the 2004 Swap Counterparty. The City is exposed to the risk that the 2004 Swap Counterparty is unable to fulfill its obligations to the City. The obligations of the 2004 Swap Counterparty to the City are guaranteed by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively.

Basis Risk – The City pays fixed rates on the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project).

Interest Rate Risk – The City is exposed to changes in relationships between tax-exempt and taxable interest rates that may be affected by changes in the marginal tax rate, the elimination of tax preferences or other major changes to current tax law including, but not limited to, implementation of a flat tax or value-added tax.

Termination Risk – The 2004 Swap Agreement does not contain any extraordinary termination events or triggers that would expose the City to significant termination risk. If the 2004 Swap Counterparty fails to meet its obligations to the City, these obligations will be met by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively. If the third party guarantor suffers a loss of creditworthiness, the 2004 Swap Counterparty shall find an acceptable replacement guarantor. If such replacement guarantor is not available or if the City fails to meet its obligations to the 2004 Swap Counterparty, the termination provisions in the 2004 Swap Agreement will apply. The City may be liable for a payment equal to the fair market value of the swap if a termination occurs prior to April 1, 2024 and that fair market value is negative.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information

A. RISK MANAGEMENT

1. Workers Compensation Benefits

The City maintains a self-funded workers compensation plan accounted for in the General Fund. Commercial insurance is obtained to protect the City from excess losses greater than \$1,000,000 per individual claim for police and fire employees. Commercial insurance is obtained to protect the City from excess losses greater than \$400,000 per individual claim for all other employees. Benefits paid to employees during fiscal year 2010 were \$1,455,268.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and includes provisions for estimated claims adjustment expenses.

2. Unemployment Benefits

The City also maintains an Unemployment Compensation Revolving Fund (Employee Benefit Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2010, the required amounts were funded. Claims totaled \$188,584.26 during fiscal year 2010. Estimates of the liability for unpaid claims are based on patterns of claims payments.

3. Group Benefits

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employer medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$7,552,903 and employee benefit costs were \$11,576,962 during fiscal year 2010. Claims incurred but not reported at September 30, 2010, in the Employees' Group Benefit Fund are provided for in the fund balance of that fund based primarily upon an actuary's estimate.

4. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Jackson may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivision to purchase liability insurance or to self insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

4. Tort Liability (Continued):

The City of Jackson is in compliance by using method number three as indicated above. The 2010 fiscal year budget had the monies necessary to establish the reserve fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

For the past three years, the settlement amount for claims against the City has not exceeded the amount of insurance coverage maintained by the City.

The following table provides a reconciliation of changes in the liabilities for claims for years ended September 30, 2010 and 2009:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2010:				
Beginning Balance	\$ 765,168	\$ 2,616,890	\$ -	\$ 4,389,677
Current Year Claims/Changes in Estimates	11,576,962	595,478	188,584	2,173,851
Claims Payments	12,702,921	423,535	188,584	1,455,268
Ending Balance	<u>\$ 360,791</u>	<u>\$ 2,788,833</u>	<u>\$ -</u>	<u>\$ 5,108,260</u>
2009:				
Beginning Balance	\$ 560,380	\$ 2,728,926	\$ -	\$ 4,232,769
Current Year Claims/Changes in Estimates	10,632,362	45,476	141,752	2,006,486
Claims Payments	11,957,910	157,512	141,752	1,849,578
Ending Balance	<u>\$ 765,168</u>	<u>\$ 2,616,890</u>	<u>\$ -</u>	<u>\$ 4,389,677</u>

5. Other Risks

The City of Jackson is exposed to various other risks of loss related to theft of, damage to and destructions of assets; errors and omissions; and natural disasters. The City purchases commercial insurance policy covering employee dishonesty up to \$100,000 per employee with a \$1,000 deductible. The City carries casualty insurance in the amount of \$300,000,000 with a \$5,000 deductible to protect against damage to property caused by natural disaster or other casualties. Amounts of settlements have not exceeded insurance coverage in the past three years.

B. COMMITMENTS

During fiscal year 1993, the City entered into a revolving loan agreement with the Department of Environmental Quality (DEQ) for loans to the Jackson Water/Sewage Disposal System Fund. The City has pledged sales tax reimbursements from the State of Mississippi to repay the DEQ loans. The outstanding balance of the revolving loans at September 30, 2010, was \$15,427,296.

C. SUBSEQUENT EVENT

On October 18, 2010, the City of Jackson received an arbitrator ruling for inappropriate wage increases related to members of the transit system bargaining unit. The wage adjustment was retroactive to January 1, 2008. The City of Jackson has recorded the liability in the amount of \$686,540.00 for the years 2008, 2009, and 2010.

Subsequent events have been evaluated through March 31, 2011, which represents the date the comprehensive annual financial report were available to be issued. Subsequent events after that date have not been evaluated.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

D. CONTINGENT LIABILITIES:

Litigation

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$2,788,833 for which it is probable a loss has been incurred and are subject to reasonable estimation are recognized in the financial statements in the governmental funds. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

The City of Jackson is the subject of an enforcement action by the United States Environmental Protection Agency and there is a reasonable possibility that it will be assessed a civil penalty for violations of the Clean Water Act, though the amount of any civil penalty is unknown at this time.

E. JOINT VENTURES

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2010 (in thousands):

Jackson/Hinds Library System

Total assets	<u>\$ 1,303</u>	
Total liabilities	<u>\$ 134</u>	
Total fund equity	<u>\$ 1,169</u>	
Total revenues	<u>\$ 3,978</u>	(1)
Total expenditures	<u>\$ 4,157</u>	
Net increase (decrease) in fund balance	<u>\$ (179)</u>	
 Total debt	 <u>\$ -</u>	

(1) The percentage share of the joint venture applicable to the City of Jackson is fifty percent (50%).

F. EMPLOYEES' RETIREMENT SYSTEM:

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multi-employer pension plan as described below:

Public Employees' Retirement System

1. Plan Description and Provisions

Substantially all City of Jackson full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Section 21-29-201 of the Mississippi Code of 1942 as annotated, and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (Continued):

2. Description of Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City of Jackson is required to contribute at an actuarially determined rate. The current rate is 12.00% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Annual Pension Cost. For 2010, the City's annual pension cost of \$7,976,574 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2009, actuarial valuation using the entry age actuarial cost method. PERS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2010 was 24 years.

Three-Year Trend Information for PERS
(Dollar amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contributed
<u>Funding</u>		
9/30/08	7,614	100%
9/30/09	8,006	100%
9/30/10	7,977	100%

Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At September 30, 2009, the date of the most recent actuarial verification, there were 5 participating municipal employers and 678 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (Continued):

2. Basis of Accounting

MRS uses the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed, investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for MRS are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit rating. Mortgage securities are valued on the basis of future principal and interest payments and counted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates market or fair value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with their investment advisors and custodial bank, has determined the fair values.

3. Funding Status and Progress

The actuarial accrued liability is a measure intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. For the years ending September 30, 1994, and prior, the actuarial value of assets was equal to book value. Beginning with the September 30, 1995, actuarial valuation, the actuarial value of assets will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the system's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

As of September 30, 2010, the most recent actuarial valuation date, the plan was 53.9% funded. The actuarial accrued liability for benefits was \$131 million and the actuarial value of assets was \$70.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$60.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$93,000, and the ratio of the UAAL to the covered payroll was 64.957%.

4. Annual Pension Cost and Net Pension Asset

The net pension obligation or asset represents the cumulative difference since the effective date of the statement between City's annual pension cost calculated pursuant to GASB 27 and the employer's contribution to the plan, including the pension liability or asset at transition. For purposes of transition, funding deficiencies which occurred prior to October 1, 1987 are not required to be considered but to do so is acceptable. However, information on fiscal years prior to October 1, 1987 is not available although considerable funding deficiencies occurred to that point. As a result of the transition rules under GASB Statement No. 27, the net pension obligation is considerably less than if the calculation were made considering all applicable years of the plan. Consequently, although the City has an unfunded actuarial accrued liability of \$60,410 as of September 30, 2010, the City has recorded a net pension asset of \$13,662 in the accompanying government wide statements in the governmental activities.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

4. Annual Pension Cost and Net Pension Asset (Continued):

The City's annual pension cost and net pension asset for the current year calculated pursuant to GASB 27 is as follows (in thousands):

Annual required pension contribution	\$ (5,658)
Interest on net pension asset	1,103
Adjustments to annual required contribution	<u>(1,310)</u>
Annual pension cost	(5,865)
Contributions made	<u>5,737</u>
Decrease in net pension asset	(128)
Net pension asset beginning of year	<u>13,790</u>
Net pension asset end of year	<u>\$ 13,662</u>

As the result of the issuance of \$49,790 of general obligation bonds in 1997, the City's contribution to the plan has been limited since that date to matching contributions on employee withholdings. Since 2001, the City's unfunded actuarial accrued liability related to MRS has grown considerably and the annual required contribution for fiscal 2011 is projected to be approximately \$5,658. The City's plans are to continue the present contribution level to the plan through fiscal 2011. At that point the 1997 general obligation bonds will have been retired and tax millage presently used for bond payments amounting to approximately \$6.0 million will be diverted toward making annual contributions to the plan. Projections of cash flow for the plan indicate contributions of approximately \$ 6.9 million in 2011 and growing to approximately \$9.8 million through 2019 will be necessary to meet the City's obligations under the plan.

In 1997, the City issued \$49,790,000 of General Obligation Bonds and contributed the proceeds to the MRS plan to provide for a similar reduction in the unfunded actuarial accrued liability. As a result of this contribution, the City has not recognized a net pension obligation (NPO) in its financial statements.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of September 30, 2010. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% to 6.0% per year compounded annually, attributable to inflation and seniority/merit. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded liability is being amortized over a closed 30 year period with 24 years remaining as of September 30, 2010. At September 30, 2010, the unfunded actuarial accrued liability was determined as follows:

<u>Actuarial Accrued Liability</u>	<u>(In Thousands)</u>
Retirees and beneficiaries currently receiving benefits	\$130,359
Active members	804
Vested terminated members not yet receiving benefits	<u>-</u>
Total actuarial accrued liability	131,163
Actuarial Value of Assets	<u>70,753</u>
Unfunded actuarial accrued liability	<u>\$ 60,410</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

4. Annual Pension Cost and Net Pension Asset (Continued):

During the year ended September 30, 2010 the plan experienced an estimated net change of \$(1,916) in the Actuarial Accrued Liability.

5. Funding Policy

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The funding policy for MRS provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. In developing the annual required contribution shown below, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on a closed basis as a level dollar amount over a period of 30 years. The City's active MRS members contribute ten percent of their base salaries to the plan. This difference has historically resulted in the actual contribution being less than the annual required contribution.

6. Annual Pension Cost

During the year ended September 30, 2010, contributions totaling approximately \$5,750,996 (\$5,735,113 employer and \$15,883 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2009. The employer contributions consisted of approximately \$31,372 for normal cost and administrative expenses and \$5,703,741 for amortization of the unfunded actuarial accrued liability. In addition to the above contributions, the City has levied a special tax for the retirement of bonds issued to provide funding for City's pension obligation for the year ended September 30, 2010.

7. Contributions Required and Contributions Made (Continued):

Three-Year Trend Information for MRS
(In Thousands)

Fiscal Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage Of APC <u>Contributed</u>	Net Pension Asset <u>(NPO)</u>
9/30/08	\$ 3,574	7.2%	18,580
9/30/09	4,981	7.9%	13,790
9/30/10	128	114.6%	13,662

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS

Effective for the 2009 fiscal year, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and required supplementary information. This Statement requires recognition of the cost of other postemployment benefits during the periods when employees render their services and disclosure about actuarially accrued liabilities related to past services and the status and progress of funding the benefits. The requirements of GASB statement No. 45 were implemented prospectively beginning October 1, 2007.

Plan Description

The City's OPEB plan provides post employment healthcare coverage, including dental benefits to eligible individuals. Eligible individuals include all regular, full-time employees of the City, as well as permanent part-time employees who work at least 20 hours per week, and their spouses and dependent children. Employees must have earned at least 25 years of service with the City in order to be eligible for retiree healthcare coverage. Coverage continues at the election of the retiree until age 65. Retirees must pay the required monthly premium for either single or family coverage, as applicable. As of September 30, 2010, 156 retirees are eligible to receive benefits under the plan. The plan was established under authority of the City Council and may be amended or abolished by council action.

Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the actuarial valuation performed by an outside actuary consultant. The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total OPEB Plan</u>
Annual Required Contribution	\$4,849,203	\$695,797	\$5,545,000
Interest on net OPEB obligation	248,363	35,637	284,000
Adjustment to ARC	<u>537,829</u>	<u>77,171</u>	<u>(615,000)</u>
Annual OPEB cost (expense)	4,559,737	654,263	5,214,000
Less: Contributions made	<u>(1,222,576)</u>	<u>(175,424)</u>	<u>(1,398,000)</u>
Increase in net OPEB obligation	3,337,161	478,839	3,816,000
Net OPEB obligation beginning	<u>6,216,075</u>	<u>891,925</u>	<u>7,108,000</u>
Net OPEB obligation end of year	<u>\$9,553,236</u>	<u>\$1,370,764</u>	<u>\$10,924,000</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2010

Note 5 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (continued):

Trend Information for OPEB Plan:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/08	\$7,564,000	12%	\$6,628,000
9/30/09	\$7,564,000	12%	\$6,628,000
9/30/10	\$5,214,000	27%	10,924,000

Funding status and funding progress:

The City funds the plan on a pay-as-you-go basis. As of September 30, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$36,875,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. The city's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2010 was 15 years.

Note 6 – Prior Period Adjustment

In 2010, the City recorded an adjustment to reconcile depreciation and accumulated depreciation for automotive and equipment. The adjustment was reconciled to the detailed subsidiary depreciation schedule and corrected previously reported net assets as follows:

Adjustment to correct capital assets being depreciated	\$ (11,104,690)
Adjustment to correct capital assets accumulated depreciation	11,502,400
Total adjustment to capital assets depreciation	<u>\$ 397,710</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF JACKSON
Required Supplementary Information
Employees' Retirement Systems
Schedule of Funding Progress
September 30, 2010

DISABILITY AND RELIEF - MUNICIPAL RETIREMENT SYSTEMS PENSION PLAN

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
9/30/2008	91,928	130,625	38,697	70.4	219	17,669.9
9/30/2009	79,140	133,079	53,939	59.5	191	28,240.3
9/30/2010	70,753	131,163	60,410	53.9	93	64,957.0

SCHEDULE OF FUNDING PROGRESS
for the OPEB PLAN

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
10/1/2008	-	52,430	52,430	0.00%	69,894	75.0
10/1/2009	-	36,875	36,875	0.00%	66,782	55.2

**NON-MAJOR
GOVERNMENTAL FUNDS**

Nonmajor Governmental Funds

Special Revenue Funds

Parks and Recreation Fund

To account for the operation and maintenance of all City-owned parks. Financing is provided by a 2-Mill annual property tax levy, admissions, fees and concessions. Appropriations are made from General Fund sources to the extent that such tax levy and other revenues are not sufficient to finance expenditures.

State Grant Fund

To account for proceeds of state grants or loans other than those grants or loans for Enterprise Fund or Capital Projects Fund items.

Disability and Relief Fund

To account for the receipt of revenues, principally tax levies, and payments of bond principal and interest related to bonds issued to provide reductions in the accrued actual liability related to pensions of retired and disabled police and fireman employed prior to April 1, 1976.

Capital Projects Funds

Industrial Park Bond Fund, 1982-A

To account for proceeds of general obligation bonds of \$3,000,000 to establish an industrial park.

1988 Construction Bond Fund

To account for proceeds of general obligation bonds of 43,325,000 issued to finance certain projects including constructing and improving streets, storm drainage systems, parks and municipal buildings, and purchasing fire fighting equipment.

G.O. Capital Improvement Fund 1994

To account for proceeds of general obligation bonds of \$7,850,000 issued to finance the improvement and extension of the storm drainage system of the city, the construction, improvement or paving of streets, sidewalks and walkways and the purchase of land therefore and the purchase of firefighting equipment and apparatus, construction of housing for the same and the purchase of land there.

1996 Tax Increment Limited Obligation Metro Station Construction

To account for proceeds of general obligation bonds of \$1,650,000 issued to finance the costs of constructing various infrastructure improvements including, but not limited to, the construction and reconstruction of streets and utilities and the acquisition of land in connection therewith and other costs incidental to the construction.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the River Hills project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Paul Moak project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Fondren project.

City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2010

	Special Revenue			
	Parks and Recreation	State Grant	Disability and Relief	Total
ASSETS				
Cash and Cash Equivalents	\$ 1,478,684	\$ -	\$ 27,946	\$ 1,506,630
Accounts Receivable	-	125,000	-	125,000
Other Receivable	2,305,325	66,725	6,385,062	8,757,112
Total Current Asset	<u>\$ 3,784,009</u>	<u>\$ 191,725</u>	<u>\$ 6,413,008</u>	<u>\$ 10,388,742</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 31,083	\$ 51,117	\$ -	\$ 82,200
Unearned Revenue	2,293,644	-	6,385,062	8,678,706
Other Liabilities	27,061	-	-	27,061
Total liabilities	<u>2,351,788</u>	<u>51,117</u>	<u>6,385,062</u>	<u>8,787,967</u>
FUND BALANCES				
Unreserved	1,432,221	140,608	27,946	1,600,775
Total fund balances	<u>1,432,221</u>	<u>140,608</u>	<u>27,946</u>	<u>1,600,775</u>
Total Liabilities and Fund balances	<u>\$ 3,784,009</u>	<u>\$ 191,725</u>	<u>\$ 6,413,008</u>	<u>\$ 10,388,742</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects

1982 Industrial Park Bond	1988 Construction Bond	1994 GO Bond Capital Improvement	1996 Metro Station	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	Total	Total Nonmajor Governmental Funds
\$ 35,637	\$ -	\$ -	\$ -	231	\$ 160	\$ 6,878	\$ 42,906	\$ 1,549,536
-	-	-	-	-	-	-	-	125,000
-	-	-	-	-	-	-	-	8,757,112
<u>\$ 35,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>231</u>	<u>\$ 160</u>	<u>\$ 6,878</u>	<u>\$ 42,906</u>	<u>\$ 10,431,648</u>
\$ -	\$ -	\$ -	\$ -	-	\$ -	-	-	\$ 82,200
-	-	-	-	-	-	-	-	8,678,706
-	-	-	-	-	-	-	-	27,061
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,787,967</u>
35,637	-	-	-	231	160	6,878	42,906	1,643,681
<u>35,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231</u>	<u>160</u>	<u>6,878</u>	<u>42,906</u>	<u>1,643,681</u>
\$ 35,637	\$ -	\$ -	\$ -	231	\$ 160	\$ 6,878	\$ 42,906	\$ 10,431,648

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2010

	Special Revenue			
	Parks and Recreation	State Grant	Disability and Relief	Total
REVENUES				
General property taxes	\$ 2,303,175	\$ -	\$ 6,393,165	\$ 8,696,340
Intergovernmental	127,928	218,088	174,374	520,390
Admissions, fees, rentals and concessions	230,864	-	70	230,934
Interest	4,585	124	3,146	7,855
Other	3,395	-	15,191	18,586
Total revenues	<u>2,669,947</u>	<u>218,212</u>	<u>6,585,946</u>	<u>9,474,105</u>
EXPENDITURES				
Current Operations:				
Personnel Services	3,632,238	-	-	3,632,238
Supplies	603,357	50,742	-	654,099
Other Services and Charges	1,025,200	236,170	6,563,353	7,824,723
Capital Outlay	162,385	38,667	-	201,052
Debt Service:				
Principal	-	-	-	-
Interest and service charges	48,389	-	1,000	49,389
Total expenditures	<u>5,471,569</u>	<u>325,579</u>	<u>6,564,353</u>	<u>12,361,501</u>
Excess (deficiency) of revenues over expenditures	<u>(2,801,622)</u>	<u>(107,367)</u>	<u>21,593</u>	<u>(2,887,396)</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	-	-	-	-
Improvement Fund	2,958,083	23,642	-	2,981,725
Special Revenue Fund	-	-	-	-
Proceeds from long term debt	61,305	-	-	-
Transfers out:				
Improvement Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Total other financing sources	<u>3,019,388</u>	<u>23,642</u>	<u>-</u>	<u>2,981,725</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>217,766</u>	<u>(83,725)</u>	<u>21,593</u>	<u>155,634</u>
Fund balances at beginning of year	<u>1,214,455</u>	<u>224,333</u>	<u>6,353</u>	<u>1,445,141</u>
Fund balances at end of year	<u>\$ 1,432,221</u>	<u>\$ 140,608</u>	<u>\$ 27,946</u>	<u>\$ 1,600,775</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects

1982 Industrial Park Bond	1988 Construction Bond	1994 GO Bond Capital Improvement	1996 Metro Station	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,696,340
-	-	-	-	-	-	-	-	520,390
-	-	-	-	-	-	-	-	230,934
116	29	128	-	5	1	1	280	8,135
-	-	-	-	-	-	-	-	18,586
116	29	128	-	5	1	1	280	9,474,385
-	-	-	-	-	-	-	-	3,632,238
-	(270)	(13,838)	-	-	-	-	(14,108)	639,991
18,265	-	-	-	-	-	-	18,265	7,842,988
-	-	-	-	-	-	-	-	201,052
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	49,389
18,265	(270)	(13,838)	-	-	-	-	4,157	12,365,658
(18,149)	299	13,966	-	5	1	1	(3,877)	(2,891,273)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,981,725
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(9,580)	-	-	-	-	-	(9,580)	(9,580)
-	-	(43,090)	(11,416)	-	-	-	(54,506)	(54,506)
-	(9,580)	(43,090)	(11,416)	-	-	-	(64,086)	2,917,639
(18,149)	(9,281)	(29,124)	(11,416)	5	1	1	(67,963)	87,671
53,786	9,281	29,124	11,416	226	159	6,877	110,869	1,556,010
\$ 35,637	\$ -	\$ -	\$ -	\$ 231	\$ 160	\$ 6,878	\$ 42,906	\$ 1,643,681

City of Jackson
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 2,303,944	\$ 2,326,123	\$ 2,303,175	\$ (22,948)
Intergovernmental	185,000	130,283	127,928	(2,355)
Admissions, fees, rentals and concessions	270,800	258,950	230,864	(28,086)
Interest	-	1,046	4,585	3,539
Other	400	3,945	3,395	(550)
Total revenues	<u>2,760,144</u>	<u>2,720,347</u>	<u>2,669,947</u>	<u>(50,400)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,241,253	4,019,261	3,632,238	387,023
Supplies	834,936	788,986	603,357	185,629
Other Services and Charges	1,182,427	1,353,415	1,025,200	328,215
Capital Outlay	383,104	239,816	162,385	77,431
Debt Service:				
Principal	-	-	-	-
Interest and service charges	-	-	48,389	(48,389)
Total expenditures	<u>6,641,720</u>	<u>6,401,478</u>	<u>5,471,569</u>	<u>929,909</u>
Excess (deficiency) of revenues over expenditures	<u>(3,881,576)</u>	<u>(3,681,131)</u>	<u>(2,801,622)</u>	<u>879,509</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	3,308,083	2,958,083	2,958,083	-
Process from long term debt	128,000	61,305	61,305	-
Total other financing sources (uses)	<u>3,436,083</u>	<u>3,019,388</u>	<u>3,019,388</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(445,493)</u>	<u>(661,743)</u>	<u>217,766</u>	<u>879,509</u>
Fund balances at beginning of year	<u>1,214,555</u>	<u>1,214,555</u>	<u>1,214,555</u>	<u>-</u>
Fund balances at end of year	<u>\$ 769,062</u>	<u>\$ 552,812</u>	<u>\$ 1,432,321</u>	<u>\$ 879,509</u>

City of Jackson
State Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 331,978	\$ 218,088	(113,890)
Interest	-	-	124	124
Total revenues	-	331,978	218,212	(113,766)
EXPENDITURES				
Current Operations:				
Personnel Services	-	-	-	-
Supplies	-	4,871	50,742	(45,871)
Other Services and Charges	-	289,847	236,170	53,677
Capital Outlay	-	151,537	38,667	112,870
Total expenditures	-	446,255	325,579	120,676
Excess (deficiency) of revenues over expenditures	-	(114,277)	(107,367)	6,910
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Special Revenue	-	30,943	23,642	(7,301)
Total other financing sources (uses)	-	30,943	23,642	(7,301)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(83,334)	(83,725)	(391)
Fund balances at beginning of year	224,333	224,333	224,333	-
Fund balances at end of year	<u>\$ 224,333</u>	<u>\$ 140,999</u>	<u>\$ 140,608</u>	<u>\$ (391)</u>

City of Jackson
Disability and Relief Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budget Amount</u>			Variance with Final Budget - positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	
REVENUES				
General property taxes	\$ 6,385,062	\$ 6,385,062	\$ 6,393,165	\$ 8,103
Intergovernmental	190,292	190,292	174,374	(15,918)
Admissions, fees, rentals and concessions	-	-	70	70
Interest	-	-	3,146	3,146
Other	18,172	18,172	15,191	(2,981)
Total revenues	<u>6,593,526</u>	<u>6,593,526</u>	<u>6,585,946</u>	<u>(7,580)</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	6,563,353	(6,563,353)
Debt Service:				
Principal	-	-	-	-
Interest and service charges	-	-	1,000	(1,000)
Total expenditures	<u>-</u>	<u>-</u>	<u>6,564,353</u>	<u>(6,564,353)</u>
Excess (deficiency) of revenues over expenditures	<u>6,593,526</u>	<u>6,593,526</u>	<u>21,593</u>	<u>6,571,933</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
General Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	6,593,526	6,593,526	21,593	6,571,933
Fund balances at beginning of year	<u>6,353</u>	<u>6,353</u>	<u>6,353</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,599,879</u>	<u>\$ 6,599,879</u>	<u>\$ 27,946</u>	<u>\$ 6,571,933</u>

City of Jackson
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
General property taxes				
Current realty taxes	\$ 4,874,826	\$ 4,874,826	\$ 4,718,152	\$ (156,674)
Current personal taxes	1,874,585	1,874,585	1,958,789	84,204
Delinquent taxes	30,000	30,000	106,638	76,638
Automobile ad valorem taxes	864,430	864,430	816,358	(48,072)
Homestead exemption	186,662	186,662	207,932	21,270
Interest	1,000	-	10,799	10,799
Special assessments	-	-	813	813
Other revenues	4,289,056	4,292,557	385,302	(3,907,255)
Total revenues	<u>12,120,559</u>	<u>12,123,060</u>	<u>8,204,783</u>	<u>(3,918,277)</u>
EXPENDITURES				
General obligation bonds				
Principal	5,721,000	5,721,000	3,806,000	1,915,000
Interest	6,614,947	7,276,682	7,069,694	206,988
Bank service charge	15,870	17,372	20,254	(2,882)
Total expenditures	<u>12,351,817</u>	<u>13,015,054</u>	<u>10,895,948</u>	<u>2,119,106</u>
Deficiency of revenues over (under) expenditures	(231,258)	(891,994)	(2,691,165)	1,799,171
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,779,763	2,779,763
Transfers out	-	-	(21,178)	(21,178)
Payments to escrow agent		25,128,292	(25,089,144)	39,148
Issuance of GO Refunding Bond	7,830,997	31,498,497	23,665,000	(7,833,497)
Premium on GO bond issuance	-	1,463,292	1,463,292	-
Total other financing sources (uses)	<u>7,830,997</u>	<u>58,090,081</u>	<u>2,797,733</u>	<u>(55,292,348)</u>
Net change in fund balances	7,599,739	57,198,087	106,568	57,091,519
Fund balances at beginning of year	2,470,632	2,470,632	2,470,632	-
Fund balances at end of year	<u>\$ 10,070,371</u>	<u>\$ 59,668,719</u>	<u>\$ 2,577,200</u>	<u>\$ 57,091,519</u>

City of Jackson
1982 Industrial Park Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 116	\$ 116
Other	-	-	-	-
Total revenues	-	-	116	116
EXPENDITURES				
Current Operations:				
Other Services and Charges	52,940	52,940	18,265	34,675
Total expenditures	52,940	52,940	18,265	34,675
Deficiency of revenues over (under) expenditures	(52,940)	(52,940)	(18,149)	34,791
Net change in fund balances	(52,940)	(52,940)	(18,149)	34,791
Fund balances at beginning of year	53,786	53,786	53,786	-
Fund balances at end of year	\$ 846	\$ 846	\$ 35,637	\$ 34,791

City of Jackson
1988 Construction Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 29	\$ 29
Total revenues	-	-	29	29
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	(270)	270
Total expenditures	-	-	(270)	270
Deficiency of revenues over (under) expenditures	-	-	299	299
Transfers out:				
Improvement Fund	-	-	(9,580)	9,580
Total other financing sources (uses)	-	-	(9,580)	9,580
Net change in fund balances	-	-	(9,281)	9,281
Fund balances at beginning of year	-	-	9,281	(9,281)
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

City of Jackson
1994 GO Bond Capital Improvement Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 128	\$ 128
Total revenues	-	-	128	128
EXPENDITURES				
Current Operations:				
Other Services and Charges	41,075	41,075	(13,838)	54,913
Total expenditures	41,075	41,075	(13,838)	54,913
Deficiency of revenues over (under) expenditures	(41,075)	(41,075)	13,966	55,041
Transfers out:				
Debt Service Fund	-	-	(43,090)	43,090
Total other financing sources (uses)	-	-	(43,090)	43,090
Net change in fund balances	(41,075)	(41,075)	(29,124)	11,951
Fund balances at beginning of year	29,124	29,124	29,124	-
Fund balances at end of year	<u>\$ (11,951)</u>	<u>\$ (11,951)</u>	<u>\$ -</u>	<u>\$ 11,951</u>

City of Jackson
1996 Metro Station Construction Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
Transfers out:				
Debt Service Fund	-	-	(11,416)	11,416
Total other financing sources (uses)	-	-	(11,416)	11,416
Net change in fund balances	-	-	(11,416)	11,416
Fund balances at beginning of year	-	-	11,416	(11,416)
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Jackson
1998 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Interest	43,478	-	3,580	3,580
Total revenues	43,478	-	3,580	3,580
EXPENDITURES				
Current Operations				
Supplies	4,256	4,384	4,167	217
Other services and charges	1,428,954	1,249,999	247,877	1,002,122
Capital outlay	-	8,600	8,575	25
Total expenditures	1,433,210	1,262,983	260,619	1,002,364
Deficiency of revenues over (under) expenditures	(1,389,732)	(1,262,983)	(257,039)	1,005,944
Net change in fund balances	(1,389,732)	(1,262,983)	(257,039)	1,005,944
Fund balances at beginning of year	1,275,584	1,275,584	1,275,584	-
Fund balances at end of year	\$ (114,148)	\$ 12,601	#####	\$ 1,005,944

The notes to the financial statements are an integral part of this statement.

City of Jackson
2003 GO Public Improvement Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2010

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental Revenue	\$ 7,718,419	\$ 7,652,149	\$ 742,349	\$ (6,909,800)
Interest	100,000	100,000	13,989	(86,011)
Other	-	-	1,210,500	1,210,500
Total revenues	7,818,419	7,752,149	1,966,838	(5,785,311)
EXPENDITURES				
Current Operations				
Personnel services	41,434	37,263	-	37,263
Supplies	40,000	40,000	-	40,000
Other services and charges	12,986,599	12,800,283	1,787,468	11,012,815
Capital outlay	-	39,500	1,250,000	(1,210,500)
Total expenditures	13,068,033	12,917,046	3,037,468	9,879,578
Deficiency of revenues over (under) expenditures	(5,249,614)	(5,164,897)	(1,070,630)	4,094,267
Net change in fund balances	(5,249,614)	(5,164,897)	(1,070,630)	4,094,267
Fund balances at beginning of year	5,394,987	53,949,867	5,394,987	-
Fund balances at end of year	\$ 145,373	\$48,784,970	\$ 4,324,357	\$ 4,094,267

The notes to the financial statements are an integral part of this statement.

City of Jackson
2006 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	-	-	15,977	15,977
Total revenues	-	-	15,977	15,977
EXPENDITURES				
Current Operations				
Other services and charges	3,016,457	3,016,457	-	3,016,457
Total expenditures	3,016,457	3,016,457	-	3,016,457
Deficiency of revenues over (under) expenditures	(3,016,457)	(3,016,457)	15,977	3,032,434
OTHER FINANCING SOURCES(USES)				
Transfers out				
Debt Service Fund	-	-	(2,724,443)	2,724,443
Total other financing sources and uses	-	-	(2,724,443)	2,724,443
Net change in fund balances	(3,016,457)	(3,016,457)	(2,708,466)	5,756,877
Fund balances at beginning of year	5,506,536	5,506,536	5,506,536	-
Fund balances at end of year	<u>\$ 2,490,079</u>	<u>\$ 2,490,079</u>	<u>\$ 2,798,070</u>	<u>\$ 5,756,877</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
2009 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Interest	-	-	47,914	47,914
Total revenues	-	-	47,914	47,914
EXPENDITURES				
Current Operations				
Personnel services	200,000	198,740	9,513	189,227
Supplies	1,677,799	1,677,799	741,847	935,952
Other services and charges	21,168,047	20,894,307	4,159,419	16,734,888
Capital outlay	-	275,000	-	275,000
Total expenditures	23,045,846	23,045,846	4,910,779	18,135,067
Deficiency of revenues over (under) expenditures	(23,045,846)	(23,045,846)	(4,862,865)	18,182,981
OTHER FINANCING SOURCES(USES)				
Transfers out				
Debt Service Fund	-	-	814	(814)
Total other financing sources and uses	-	-	814	(814)
Net change in fund balances	(23,045,846)	(23,045,846)	(4,862,051)	18,182,167
Fund balances at beginning of year	15,021,637	15,021,637	15,021,637	-
Fund balances at end of year	<u>\$ (8,024,209)</u>	<u>\$ (8,024,209)</u>	<u>\$10,159,586</u>	<u>\$ 18,182,167</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
2009 Tax Increment Financing Bond Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES				
Current Operations:				
Other services and charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	1	1
OTHER FINANCING SOURCES(USES)				
Transfers in	-	-	-	-
Proceeds from Tax Increment Financing Bond	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	1	1
Fund balances at beginning of year	-	-	6,877	(6,877)
Fund balances at end of year	\$ -	\$ -	\$ 6,878	\$ 6,878

The notes to the financial statements are an integral part of this statement.

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 5	\$ -
Total revenues	-	-	5	-
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	5	-
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	5	-
Fund balances at beginning of year	-	-	226	-
Fund balances at end of year	\$ -	\$ -	\$ 231	\$ -

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	1	1
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1	1
Fund balances at beginning of year	-	-	159	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 1</u>

**NON-MAJOR
ENTERPRISE FUNDS**

Nonmajor Proprietary

Madison Sewage Disposal System Fund

To account for costs of construction, operation and maintenance of the East Madison County Sewage Disposal System. The City of Ridgeland, Mississippi will be responsible for the service contracts with Madison County participating in the system.

Transportation Fund

To account for operational costs of the City's transit system. Deficiencies in revenues over expenses are financed by the City.

City of Jackson
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Funds
As of September 30, 2010

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalent	\$ -	\$ -	\$ -
Intergovernmental Receivable	-	1,160,342	1,160,342
Total Current Asset	<u>-</u>	<u>1,160,342</u>	<u>1,160,342</u>
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	186,007	186,007
Water plant, distribution system and equipment	535,097	410,690	945,787
Automotive and other equipment	-	18,180,642	18,180,642
	535,097	19,227,339	19,762,436
Less: accumulated depreciation	<u>(191,382)</u>	<u>(11,795,282)</u>	<u>(11,986,664)</u>
	343,715	7,432,057	7,775,772
Construction in progress	<u>13,800</u>	<u>-</u>	<u>13,800</u>
Net property, plant and equipment	<u>357,515</u>	<u>7,432,057</u>	<u>7,789,572</u>
Total Assets	<u>\$ 357,515</u>	<u>\$ 8,592,399</u>	<u>\$ 8,949,914</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Funds
As of September 30, 2010

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 5,887	\$ 1,883,087	\$ 1,888,974
Due to other funds	-	2,542,975	2,542,975
Compensated absences	-	8,573	8,573
Current portion of long term debt:			
Lease Obligations	-	282,020	282,020
 Total current liabilities	 <u>5,887</u>	 <u>4,716,655</u>	 <u>4,722,542</u>
 Long Term Debt (less amounts classified as current liabilities):			
Compensated absences	-	881	881
Lease obligations	-	798,122	798,122
Total long-term debt	<u>-</u>	<u>799,003</u>	<u>799,003</u>
Total liabilities	<u>5,887</u>	<u>5,515,658</u>	<u>5,521,545</u>
 NET ASSETS			
Invested in Capital Assets, net of related debt	357,515	6,351,915	6,709,430
Unrestricted	<u>(5,887)</u>	<u>(3,275,174)</u>	<u>(3,281,061)</u>
Total Net Assets	<u>351,628</u>	<u>3,076,741</u>	<u>3,428,369</u>
Total liabilities and net assets	<u><u>\$ 357,515</u></u>	<u><u>\$ 8,592,399</u></u>	<u><u>\$ 8,949,914</u></u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2010

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Operating Revenues:			
Sales to Customers	\$ -	\$ 430,528	\$ 430,528
Other Revenue	-	480,000	480,000
	<u>-</u>	<u>480,000</u>	<u>480,000</u>
 Total Operating revenues	 <u>-</u>	 <u>910,528</u>	 <u>910,528</u>
Operating Expenses:			
Personnel Services	-	83,467	83,467
Supplies	-	793,492	793,492
Other services and charges	107,880	6,063,348	6,171,228
Depreciation	12,812	895,187	907,999
Total operating expenses	<u>120,692</u>	<u>7,835,494</u>	<u>7,956,186</u>
Operating Income (loss)	<u>(120,692)</u>	<u>(6,924,966)</u>	<u>(7,045,658)</u>
Nonoperating Revenues (Expenses):			
Interest revenue	<u>-</u>	<u>2,127</u>	<u>2,127</u>
	<u>-</u>	<u>2,127</u>	<u>2,127</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>2,127</u>	<u>2,127</u>
Loss before contributions and transfers	<u>(120,692)</u>	<u>(6,922,839)</u>	<u>(7,043,531)</u>
Capital contributions from grants	<u>-</u>	<u>4,584,485</u>	<u>4,584,485</u>
Operating Transfers In:			
General Fund	-	4,027,402	4,027,402
Enterprise Funds	145,363	-	145,363
Total transfers in (out)	<u>145,363</u>	<u>4,027,402</u>	<u>4,172,765</u>
Change in Net Assets	24,671	1,689,048	1,713,719
Total net assets - beginning	<u>326,957</u>	<u>1,387,693</u>	<u>1,714,650</u>
Total net assets - ending	<u>\$ 351,628</u>	<u>\$ 3,076,741</u>	<u>\$ 3,428,369</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Funds
For the year ended September 30, 2010

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ 430,528	\$ 430,528
Receipts from other revenue	-	1,302,649	1,302,649
Payments to suppliers	(106,757)	(5,582,623)	(5,689,380)
Payments to employees	-	(140,501)	(140,501)
Net cash used for			
Operating activities	<u>(106,757)</u>	<u>(3,989,947)</u>	<u>(4,096,704)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	<u>145,363</u>	<u>4,027,402</u>	<u>4,172,765</u>
Net cash provided by noncapital financing activities)	<u>145,363</u>	<u>4,027,402</u>	<u>4,172,765</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(38,606)	(4,508,087)	(4,546,693)
Proceeds from capital debt	-	123,955	123,955
Principal paid on capital debt	-	(239,935)	(239,935)
Proceeds from capital contributions	-	4,584,485	4,584,485
Net cash provided by capital and related financing activities	<u>(38,606)</u>	<u>(39,582)</u>	<u>(78,188)</u>
Cash Flow Provided by Investing Activities:			
Interest on investments	-	2,127	2,127
Net cash provided by investing activities	-	2,127	2,127
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating loss	\$ (120,692)	\$ (6,924,966)	\$ (7,045,658)
Depreciation expense	12,812	895,187	907,999
(Increase) decrease in other receivable	-	822,649	822,649
Increase (decrease) in due to other funds	-	(417,086)	(417,086)
Increase (decrease) in accounts payable	1,123	1,691,303	1,692,426
Increase (decrease) in compensated absences	-	(57,034)	(57,034)
Total adjustments	<u>13,935</u>	<u>2,935,019</u>	<u>2,948,954</u>
Net cash provided by operating activities	<u>\$ (106,757)</u>	<u>\$ (3,989,947)</u>	<u>\$ (4,096,704)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 235,883	\$ 8,894	\$ -	\$ 244,777
Investment at fair value: Certificate of deposit	-	-	32,270	32,270
Total assets	<u>\$ 235,883</u>	<u>\$ 8,894</u>	<u>\$ 32,270</u>	<u>\$ 277,047</u>
Liabilities and Net Assets				
Liabilities:				
Payables to others	\$ <u>5,316</u>	\$ -	\$ -	\$ <u>5,316</u>
Total liabilities	<u>5,316</u>	<u>-</u>	<u>-</u>	<u>5,316</u>
Net Assets:				
Held in trust	<u>230,567</u>	<u>8,894</u>	<u>32,270</u>	<u>271,731</u>
Total net assets	<u>230,567</u>	<u>8,894</u>	<u>32,270</u>	<u>271,731</u>
Total liabilities and net assets	<u>\$ 235,883</u>	<u>\$ 8,894</u>	<u>\$ 32,270</u>	<u>\$ 277,047</u>

FIDUCIARY FUNDS

Fiduciary Funds

Unemployment Compensation Revolving Fund

To account for money held in trust to fund unemployment claims pursuant to State law.

Charitable Trust Fire and Police Fund

To account for contributions from the public sector which are held in trust for police and fire allowable claims.

Mausoleum Trust Fund

To account for funds to be used for maintenance and upkeep of the Henry Mausoleum located in Kernaghan Cemetery.

Tax Collections

To account for receipt of tax collections for and subsequent payment to the Jackson/Hinds Library System, Jackson Municipal Separate School District, Capital City Community Convention Center, and Jackson Convention & Visitors Bureau.

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Additions:				
Interest	\$ 698	\$ 163	\$ 27	\$ 888
Other additions	<u>207,415</u>	<u>-</u>	<u>-</u>	<u>207,415</u>
Total additions	<u>208,113</u>	<u>163</u>	<u>27</u>	<u>208,303</u>
Deductions:				
General government Trust funds	<u>188,584</u>	<u>-</u>	<u>-</u>	<u>188,584</u>
Total deductions	<u>188,584</u>	<u>-</u>	<u>-</u>	<u>188,584</u>
Change in Net Assets	19,529	163	27	19,719
Net assets at beginning of year	<u>211,038</u>	<u>8,731</u>	<u>32,243</u>	<u>252,012</u>
Net assets at end of year	<u>\$ 230,567</u>	<u>\$ 8,894</u>	<u>\$ 32,270</u>	<u>\$ 271,731</u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>ASSETS</u>		<u>LIABILITIES</u>	
	<u>Cash and Cash Equivalents</u>	<u>Total Assets</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
Capital City Community Convention Center				
Balance at October 1, 2009	\$ 10,272	\$ 10,272	\$ 10,272	\$ 10,272
Additions	3,918,213	3,918,213	3,918,213	3,918,213
Deductions	<u>3,918,017</u>	<u>3,918,017</u>	<u>3,918,017</u>	<u>3,918,017</u>
Balance at September 30, 2010	\$ <u>10,468</u>	\$ <u>10,468</u>	\$ <u>10,468</u>	\$ <u>10,468</u>
Jackson Convention & Visitors Bureau				
Balance at October 1, 2009	\$ 130	\$ 130	\$ 130	\$ 130
Additions	2,996,336	2,996,336	2,996,336	2,996,336
Deductions	<u>2,996,336</u>	<u>2,996,336</u>	<u>2,996,336</u>	<u>2,996,336</u>
Balance at September 30, 2010	\$ <u>130</u>	\$ <u>130</u>	\$ <u>130</u>	\$ <u>130</u>
Jackson/Hinds Library System				
Balance at October 1, 2009	\$ -	\$ -	\$ -	\$ -
Additions	1,495,409	1,495,409	1,495,409	1,495,409
Deductions	<u>1,495,409</u>	<u>1,495,409</u>	<u>1,495,409</u>	<u>1,495,409</u>
Balance at September 30, 2010	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Jackson Municipal Separate School District				
Balance at October 1, 2009	\$ -	\$ -	\$ -	\$ -
Additions	9,197,436	9,197,436	9,197,436	9,197,436
Deductions	<u>9,197,436</u>	<u>9,197,436</u>	<u>9,197,436</u>	<u>9,197,436</u>
Balance at September 30, 2010	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total - All Agency Funds:				
Balance at October 1, 2009	\$ 10,402	\$ 10,402	\$ 10,402	\$ 10,402
Additions	17,607,394	17,607,394	17,607,394	17,607,394
Deductions	<u>17,607,198</u>	<u>17,607,198</u>	<u>17,607,198</u>	<u>17,607,198</u>
Balance at September 30, 2010	\$ <u>10,598</u>	\$ <u>10,598</u>	\$ <u>10,598</u>	\$ <u>10,598</u>

CAPITAL ASSETS

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 14,528,418	\$ 14,528,418
Buildings	81,408,510	80,155,452
Automotive and equipment:	67,947,081	75,873,947
Infrastructure	214,244,644	214,244,644
Construction in progress	<u>80,433,492</u>	<u>72,311,747</u>
Total governmental funds capital assets	<u>\$ 458,562,145</u>	<u>\$ 457,114,208</u>

Investment in governmental funds capital assets by source:

Assets prior to 1985 not segregated by sources	\$ 14,002,713	\$ 14,002,713
General Fund revenues	75,505,754	83,514,444
Special Revenue Fund revenues	93,579,039	93,403,588
Special Assessment bonds	2,123,934	2,120,876
General Obligation bonds	229,094,148	220,332,595
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	39,377,918	38,861,353
State grants	52,261	52,261
County grants	<u>430,949</u>	<u>430,949</u>
Total governmental funds capital assets	<u>\$ 458,562,145</u>	<u>\$ 457,114,208</u>

(1) This schedule presents only the capital asset balances (excluding accumulated depreciation) related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2010

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,957,843	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 14,002,712
General Government:						
Planning	486,406	43,001	39,349	310,224	2,563,694	3,442,674
Code Services	-	-	-	742,972	-	742,972
Telecommunication	-	4,554,834	8,943	97,031	-	4,660,808
Data Processing / Information System	-	2,400	-	4,965,830	-	4,968,230
Vehicle Pool Fund	-	-	-	933,220	-	933,220
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	260,633	-	2,693,263
Personnel	-	-	-	225,894	-	225,894
Municipal Court Services	-	-	-	1,451,978	712,767	2,164,745
Vehicle Maintenance	-	5,816	-	732,575	-	738,391
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	586,406	6,905,443	181,530	10,049,421	3,276,461	20,999,261
Urban Development and Housing:						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	15,044,796	243,000	-	-	15,287,796
Total urban development and housing	88,078	15,044,796	243,000	80,999	-	15,456,873
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	506,308	-	757,652
Day Care Services	-	281,849	16,109	254,028	-	551,986
Senior Centers/Community Centers	-	1,271,615	-	33,582	-	1,305,197
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	9,586	-	27,107
Total health and welfare	46,245	1,820,453	17,985	818,333	-	2,703,016

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2010

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Public Safety:						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,550,734	\$ 13,365,335	\$ 616,038	\$ 22,908,080
Police Department	123,992	6,037,047	856,190	26,447,056	12,125,554	45,589,838
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	198,992	14,428,748	8,909,430	40,264,213	12,741,592	76,542,975
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	-	5,153,503	-	6,759,642
Traffic Engineering	-	17,215	18,476	2,309,031	1,348,718	3,693,440
Traffic Signals	-	-	442,038	337,813	10,372,669	11,152,520
Care and Maintenance of Public Buildings	-	7,817,689	429,703	221,233	3,418,704	11,887,329
Custodial Services	-	-	-	131,612	-	131,612
Public Works Deputy Dir/Adm	-	-	-	17,574	-	17,574
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	126,133,471	328,146	38,424,054	165,239,949
Storm Drainage	-	-	69,621,367	143,315	5,128,100	74,892,782
Bridges	-	-	23,032	-	822,190	845,222
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	939,551	8,984,200	196,780,246	8,786,906	59,514,435	275,005,338
Culture and Recreation:						
Planetarium	-	827,314	-	508,103	34,963	1,370,380
Jackson Zoological Park	-	3,000,000	-	465,122	-	3,465,122
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	16,646,358	7,386,535	2,745,724	320,154	27,324,591
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	-	156,099	2,454,157	8,321,189
Smith Robertson Cultural Center	-	1,238,810	185,738	47,088	14,020	1,485,656
City Auditorium and Art Center	-	3,849,374	511,131	64,922	2,077,710	6,503,137
Total culture and recreation	225,820	31,278,547	8,112,453	3,998,258	4,901,004	48,516,082

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2010

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,665	\$ -	\$ 397,248	\$ -	\$ 799,913
City Clerk	-	-	-	179,611	-	179,611
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	270,669	-	287,956
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>904,082</u>	<u>-</u>	<u>5,335,889</u>
Total governmental funds capital assets	<u>\$ 14,528,418</u>	<u>\$ 81,408,510</u>	<u>\$ 214,244,644</u>	<u>\$ 67,947,081</u>	<u>\$ 80,433,492</u>	<u>\$ 458,562,145</u>

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY(1)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Governmental Funds Capital Assets October 1, 2009	Additions	Deductions	Adjustment	Governmental Funds Capital Assets September 30, 2010
General Government:					
Planning	\$ 2,070,435	\$ 1,314	\$ 22,295	\$ -	\$ 2,049,454
Code Services	664,432	1,075	32,412	-	633,095
Information Systems	925,802	-	-	-	925,802
Transportation	10,192,613	-	-	-	10,192,613
Data Processing	1,575,952	253,005	-	-	1,828,957
Vehicle Pool	313,960	49,009	-	-	362,969
Telecommunications	10,318,787	5,047	24,034	-	10,299,800
Office Services	1,669	-	-	-	1,669
Purchasing	50,839	-	-	-	50,839
Finance and Management	7,680,446	-	-	-	7,680,446
Personnel	131,281	4,963	-	-	136,244
Municipal Court Services	1,944,945	2,950	-	-	1,947,895
Vehicle Maintenance	1,616,148	37,142	14,373	-	1,638,917
Total general government	37,487,309	354,505	93,114	-	37,748,700
Urban Development and Housing:					
Redevelopment Projects	272,751	-	-	-	272,751
Union Station	13,448,496	-	-	-	13,448,496
Total urban development and housing	13,721,247	-	-	-	13,721,247
Health and Welfare:					
Senior Services	856,432	4,745	-	-	861,177
Day Care Services	1,191,900	14,680	-	-	1,206,580
Senior Centers/Community Centers	630,024	-	-	-	630,024
Human and Cultural Services	1,348,770	5,621	21,399	-	1,332,992
Total health and welfare	4,027,126	25,046	21,399	-	4,030,773

(Continued)

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Governmental Funds Capital Assets October 1, 2009	Additions	Deductions	Adjustment	Governmental Funds Capital Assets September 30, 2010
Public Safety:					
Fire Department	\$ 30,458,749	\$ 2,471,915	\$ 495,337	-	\$ 32,435,327
Police Department	46,818,908	2,039,747	1,059,709	-	47,798,946
Small Animal Control	1,714,102	-	-	-	1,714,102
Juvenile Justice	11,693,078	-	-	-	11,693,078
Communication Center	4,120,964	-	-	-	4,120,964
Public Safety Garage	230,776	-	-	-	230,776
Total public safety	95,036,577	4,511,662	1,555,046	-	97,993,193
Public Works:					
Cemeteries	356,014	-	-	-	356,014
Engineering	4,531,512	2,793	24,020	-	4,510,285
Traffic Engineering	13,795,027	422,094	65,677	-	14,151,444
Public Works Administration	-	1,304	13,574	-	(12,270)
Care and Maintenance of Public Buildings	12,835,506	1,822,036	-	-	14,657,542
Custodial Services	131,867	-	-	-	131,867
Pest Control	10,452	-	-	-	10,452
Central Supply	709,337	-	-	-	709,337
Streets	153,420,396	6,201,602	30,551	-	159,591,447
Storm Drainage	60,991,095	508,392	37,261	-	61,462,226
Soil Conservation	482,909	-	-	-	482,909
Total public works	247,264,115	8,958,221	171,083	-	256,051,253
Culture and Recreation:					
Planetarium	4,774,829	14,754	-	-	4,789,583
Jackson Zoological Park	3,515,393	-	-	-	3,515,393
Municipal Art Building	75,838	-	-	-	75,838
Parks and Recreation	17,959,075	201,519	112,044	-	18,048,550
Library	10,628,653	-	-	-	10,628,653
Smith Robertson Cultural Center	2,716,319	5	-	-	2,716,324
City Auditorium and Art Center	13,243,924	441,496	-	-	13,685,420
Total culture and recreation	52,914,031	657,774	112,044	-	53,459,761

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Governmental Funds Capital Assets October 1, 2009	Additions	Deductions	Adjustment	Governmental Funds Capital Assets September 30, 2010
Miscellaneous:					
City Council/Mayor	\$ 6,384,054	359	875	\$ -	6,383,538
City Clerk	58,829	-	-	-	58,829
Legal	189,228	290	1,669	-	187,849
Mayor's Action Line	7,674	-	-	-	7,674
Temporary City Office Building	-	-	-	-	-
Internal Audit	24,018	-	-	-	24,018
Total miscellaneous	6,663,803	649	2,544	-	6,661,908
Total governmental funds capital assets	\$ 457,114,208	\$ 14,507,857	\$ 1,955,230	\$ (11,104,690)	\$ 458,562,145

STATISTICAL SECTION

This part of the City of Jackson's comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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Financial Trends	112
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These schedules contain trend information to help the reader understand how the City of Jackson's financial performance and well-being have changed over time.

Revenue Capacity	117
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These schedules contain information to help the reader assess the City of Jackson's most significant local revenue source, the property tax.

Debt Capacity	121
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These schedules present information to help the reader assess the affordability of the City of Jackson's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information	126
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Jackson's financial activities take place.

Operating Information	128
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These schedules contain service and infrastructure data to help the reader understand how the information in the City of Jackson's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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City of Jackson
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities										
Invested in capital assets, net of related debt	\$ 188,172	\$ 180,607	\$ 197,359	\$ 196,018	\$ 168,144	\$ 131,159	\$ 113,083	\$ 95,360	\$ 34,608	\$ -
Restricted	23,585	32,587	28,617	5,730	4,169	4,296	5,787	(476)	5,612	28,845
Unrestricted	(38,882)	(32,604)	(37,367)	24,635	33,779	40,415	53,370	17,445	37,289	27,879
Total governmental activities net assets	\$ 172,875	\$ 180,590	\$ 188,609	\$ 226,383	\$ 206,092	\$ 175,870	\$ 172,240	\$ 112,329	\$ 77,509	\$ 56,724
Business-type activities										
Invested in capital assets, net of related debt	\$ 176,170	\$ 163,408	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995	\$ 128,208	\$ 122,710	\$ 141,800	\$ 88,326
Restricted	-	3,861	3,820	3,765	3,661	3,643	3,581	(125,132)	150,412	27,768
Unrestricted	77,521	82,482	91,591	94,972	94,115	136,958	85,831	217,427	(54,152)	95,675
Total business-type activities net assets	\$ 253,691	\$ 249,751	\$ 251,720	\$ 245,750	\$ 233,288	\$ 221,596	\$ 217,620	\$ 215,005	\$ 238,060	\$ 211,769
Primary government										
Invested in capital assets, net of related debt	\$ 364,342	\$ 344,015	\$ 353,668	\$ 343,031	\$ 303,656	\$ 212,154	\$ 241,291	\$ 218,070	\$ 176,408	\$ 88,326
Restricted	23,585	36,448	32,437	9,495	7,830	7,939	9,368	(125,608)	156,024	56,613
Unrestricted	38,639	49,878	120,621	120,621	127,894	177,373	139,201	234,872	(16,863)	123,554
Total primary government net assets	\$ 426,566	\$ 430,341	\$ 440,329	\$ 472,133	\$ 439,380	\$ 397,466	\$ 389,860	\$ 327,334	\$ 315,569	\$ 268,493

Source: Statement of Net Assets.

City of Jackson
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
Expenses	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities:										
General government	32,358	44,790	69,721	49,147	\$ 29,179	\$ 33,311	\$ 30,021	\$ 30,228	\$ 28,337	\$ -
Public safety	56,922	55,996	53,664	62,576	29,109	53,193	59,495	51,657	54,196	-
Public works	27,451	31,518	25,301	15,993	35,819	23,972	19,657	16,815	10,156	-
Human and cultural services	9,645	14,170	14,890	13,067	17,004	14,069	10,829	11,994	6,655	-
Employee benefits	8,764	2,149	1,765	2,180	1,836	3,257	2,329	3,359	3,275	-
Interest on long-term debt	8,830	5,389	5,917	5,647	4,731	9,307	5,965	6,254	8,674	-
Total governmental activities expenses	143,970	154,012	171,238	148,610	117,678	137,109	128,296	120,307	111,293	-
Business-type activities:										
Water/Sewer	41,064	42,275	45,279	39,904	41,184	39,663	39,299	44,396	37,671	-
Transportation	7,956	7,990	7,685	6,852	6,589	6,167	6,117	5,740	5,782	-
Sanitation	10,244	10,296	10,299	10,931	9,893	8,979	9,205	9,075	9,135	-
Total business-type activities expenses	59,264	60,561	63,263	57,687	57,666	54,809	54,621	59,211	52,588	-
Total primary government expenses	203,234	214,573	234,521	206,297	\$ 175,344	\$ 191,918	\$ 182,917	\$ 179,518	\$ 163,881	\$ -
Program Revenues										
Governmental activities:										
Charges for services										
General government	4,951	6,334	4,525	7,422	3,139	5,562	3,101	6,805	6,379	\$ -
Public Safety	3,241	2,824	3,135	2,806	3,003	7,993	5,662	3,582	550	-
Public Works	1,206	1,469	1,393	1,147	1,698	7,038	2,682	766	490	-
Human and cultural services	2,025	1,575	2,813	1,667	1,481	2,524	2,036	742	629	-
Employee benefits	-	-	-	-	-	-	901	223	42	-
Operating grants and contributions	17,441	16,681	18,436	12,968	22,969	12,720	4,611	12,574	10,402	-
Capital grants and contributions	2,226	6,188	7,912	1,771	5,955	2,034	12,774	10,873	16,272	-
Total governmental activities program revenues	31,090	35,071	38,214	27,781	38,245	37,871	31,767	35,565	34,764	-
Business-type activities:										
Charges for services:										
Water/Sewer	41,974	41,440	47,468	43,847	42,262	39,023	40,809	43,628	48,071	-
Transportation	431	360	397	426	448	423	475	525	595	-
Sanitation	11,258	10,850	11,981	10,476	9,113	8,016	9,031	7,669	7,740	-
Operating grants and contributions	664	694	832	1,378	4,391	4,137	1,947	1,626	10,843	-
Capital grants and contributions	4,584	1,741	1,534	5,133	-	-	-	-	-	-
Total business-type activities program revenue	58,911	55,085	62,212	61,260	56,214	51,599	52,262	53,448	67,249	-
Total primary government program revenues	90,001	90,156	100,426	89,041	\$ 94,459	\$ 89,470	\$ 84,029	\$ 89,013	\$ 102,013	\$ -

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	(112,880)	(118,941)	(133,044)	(120,829)	(79,433)	(99,238)	(96,529)	(84,742)	(76,529)	\$ -
	(353)	(5,476)	(1,051)	3,573	(1,452)	(3,210)	(2,359)	(5,763)	14,661	-
	<u>\$ (113,233)</u>	<u>\$ (124,417)</u>	<u>\$ (134,095)</u>	<u>\$ (117,256)</u>	<u>\$ (80,885)</u>	<u>\$ (102,448)</u>	<u>\$ (98,888)</u>	<u>\$ (90,505)</u>	<u>\$ (61,868)</u>	<u>\$ -</u>

General Revenues and Other Charges in

Net Assets

Governmental activities:

Taxes										
Property taxes	\$ 68,523	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529	\$ 60,675	\$ 63,955	\$ 59,076	\$ -
Sales taxes	31,268	33,598	37,298	40,453	40,849	36,197	36,593	35,097	35,899	-
Franchise taxes	8,552	9,234	9,062	8,936	10,144	8,818	8,460	10,692	5,834	-
Unrestricted grants and contributions	-	-	-	-	-	-	-	292	348	-
Investment earnings	187	616	3,021	5,251	1,864	1,042	964	-	-	-
Gain on sale of capital assets	40	-	478	198	301	3,189	27	94	79	-
Miscellaneous	204	203	106	20	25	494	3,034	-	7,823	-
Transfers	(4,027)	(4,027)	(4,613)	(4,369)	(5,473)	(4,288)	(3,513)	(4,512)	(2,282)	-
Total governmental activities	<u>104,747</u>	<u>110,922</u>	<u>111,197</u>	<u>115,526</u>	<u>109,655</u>	<u>104,981</u>	<u>106,240</u>	<u>105,618</u>	<u>106,777</u>	<u>-</u>
Business-type activities:										
Investment earnings	244	812	2,352	4,470	4,615	2,823	1,353	1,424	1,079	-
Gain on sale of capital assets	21	(1,332)	56	50	55	77	42	(21,867)	(6)	-
Miscellaneous	-	-	-	-	-	-	-	-	1,644	-
Transfers	4,027	4,027	4,613	4,369	5,473	4,288	3,513	4,512	2,282	-
Total business-type activities	<u>4,292</u>	<u>3,507</u>	<u>7,021</u>	<u>8,889</u>	<u>10,143</u>	<u>7,188</u>	<u>4,908</u>	<u>(15,931)</u>	<u>4,999</u>	<u>-</u>
Total primary government	<u>\$ 109,039</u>	<u>\$ 114,429</u>	<u>\$ 118,218</u>	<u>\$ 124,415</u>	<u>\$ 119,798</u>	<u>\$ 112,169</u>	<u>\$ 111,148</u>	<u>\$ 89,687</u>	<u>\$ 111,776</u>	<u>\$ -</u>

Changes in Net Assets

Governmental activities	\$ 8,133	\$ 8,019	\$ 21,847	\$ 5,303	\$ (30,222)	\$ (5,743)	\$ (9,711)	\$ (20,876)	\$ (30,248)	\$ -
Business-type activities	(3,939)	1,969	(5,970)	(12,462)	(8,691)	(3,978)	(2,549)	21,694	(19,660)	-
Total primary government	<u>\$ 4,194</u>	<u>\$ 9,988</u>	<u>\$ 15,877</u>	<u>\$ (7,159)</u>	<u>\$ (38,913)</u>	<u>\$ (9,721)</u>	<u>\$ (12,260)</u>	<u>\$ 818</u>	<u>\$ (49,908)</u>	<u>\$ -</u>

Source: Statement of Activities

Note: Data for years 1999-2001 is currently not available.

City of Jackson
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434
2008	48,769	35,428	1,477	31	282	85,987
2007	44,240	35,838	1,442	31	304	81,855
2006	41,324	37,993	1,398	31	302	81,048
2005	40,509	35,673	1,406	31	267	77,886
2004	41,660	35,882	1,152	31	261	78,986
2003	41,660	35,097	1,376	31	249	78,413
2002	38,285	35,685	1,836	30	250	76,086
2001	34,347	35,641	1,436	29	236	71,689

Source: General Fund Budget and Actual Statement

City of Jackson
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General fund										
Reserved	\$ 4,129	\$ 4,133	\$ 4,047	\$ 3,869	\$ 3,622	\$ 3,435	\$ 3,094	\$ 3,564	\$ 3,954	\$ 3,896
Unreserved	26,695	24,897	20,761	11,835	12,041	9,535	14,678	14,961	11,834	10,550
Total general fund	<u>\$ 30,824</u>	<u>\$ 29,030</u>	<u>\$ 24,808</u>	<u>\$ 15,704</u>	<u>\$ 15,663</u>	<u>\$ 12,970</u>	<u>\$ 17,772</u>	<u>\$ 18,525</u>	<u>\$ 15,788</u>	<u>\$ 14,446</u>

All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74	\$ 21,135
Unreserved, reported in:										
Special revenue funds	2,577	4,735	5,008	5,162	4,794	4,481	5,907	8,378	8,410	(10,432)
Capital project funds	18,342	27,310	24,119	59,292	12,063	22,926	34,404	41,263	25,174	30,373
Permanent funds	5,032	2,471	2,361	2,521	1,529	1,785	1,293	451	1,902	3,814
Total all other governmental funds	<u>\$ 25,951</u>	<u>\$ 34,516</u>	<u>\$ 31,488</u>	<u>\$ 66,975</u>	<u>\$ 18,386</u>	<u>\$ 29,192</u>	<u>\$ 41,604</u>	<u>\$ 50,092</u>	<u>\$ 35,560</u>	<u>\$ 44,890</u>

Source: Governmental Funds - Balance Sheet

City of Jackson
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	\$ 67,772	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078	\$ 59,979	\$ 60,412	\$ 56,654	\$ 54,783
Licenses and permits	2,541	3,453	4,198	3,167	2,968	2,199	2,673	2,353	2,544	2,564
Intergovernmental	48,425	55,498	62,448	56,783	63,338	59,769	55,620	62,596	66,481	53,734
Charges for services	3,314	3,324	3,456	3,032	3,150	3,446	3,155	2,857	2,814	2,457
Fines	4,092	4,245	3,602	3,106	3,202	3,123	3,123	3,007	3,325	3,684
Investment earnings	186	616	3,020	5,252	1,865	1,042	964	904	1,452	3,806
Special assessments	1	19	-	14	14	17	26	38	270	170
Miscellaneous	14,707	13,526	13,331	13,374	15,950	17,307	13,621	15,085	13,669	12,145
Total revenues	<u>141,038</u>	<u>149,996</u>	<u>152,757</u>	<u>148,334</u>	<u>150,708</u>	<u>145,981</u>	<u>139,161</u>	<u>147,252</u>	<u>147,209</u>	<u>133,343</u>
Expenditures										
General government	30,506	38,847	63,330	45,471	28,359	30,352	30,396	23,412	21,475	31,242
Public safety	51,571	53,215	53,572	58,926	58,984	56,471	59,173	53,767	50,775	47,378
Economic and physical development	-	-	-	-	-	-	-	-	-	1,843
Culture and recreation	8,078	12,299	12,835	13,177	16,550	13,686	9,496	11,770	6,464	2,158
Public Works	24,430	36,742	26,302	17,243	30,012	20,855	25,557	27,004	43,638	17,867
Employee Benefits	8,071	2,149	1,765	2,180	1,836	3,327	2,846	3,547	3,193	2,110
Capital Outlay	9,982	15,311	1,379	9,040	2,049	15,617	1,053	1,080	1,170	2,651
Debt service										
Principal	3,806	10,731	14,330	13,830	13,190	12,912	11,500	13,300	41,960	11,945
Interest	7,128	5,789	6,419	6,314	4,584	4,150	5,977	6,262	7,011	7,346
Other charges	-	-	-	-	-	334	-	-	-	-
Miscellaneous	-	504	556	705	760	504	962	9,017	7,610	16,803
Total expenditures	<u>143,572</u>	<u>175,587</u>	<u>180,488</u>	<u>166,886</u>	<u>156,324</u>	<u>158,208</u>	<u>146,960</u>	<u>149,159</u>	<u>183,296</u>	<u>141,343</u>
Excess of revenues over (under) expenditures	(2,534)	(25,591)	(27,731)	(18,552)	(5,616)	(12,227)	(7,799)	(1,907)	(36,087)	(8,000)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Other financing sources (uses)										
Transfer in	7,201	7,581	6,584	6,565	4,116	4,296	7,174	17,328	15,753	1,028
Transfer out	(15,006)	(15,474)	(15,012)	(14,354)	(13,443)	(12,212)	(13,453)	(23,381)	(20,728)	(6,586)
Proceeds from capital leases	-	-	-	1,119	47	1,846	4,839	5,204	4,477	-
Proceeds from long-term note	-	12,070	2,208	186	6,783	750	-	-	31,173	3,114
Proceeds from refunding bonds	-	-	-	-	-	22,248	-	-	-	-
Proceeds from long-term debt	3,488	-	-	-	-	-	-	-	-	-
Proceeds from GO Bonds	-	-	-	-	-	-	-	-	-	-
Proceeds of tax increment bonds	-	2,382	5,155	66,117	-	-	-	-	-	-
Sales of Bonds	-	-	-	-	-	-	-	20,000	-	-
Sale of capital assets	40	-	-	-	-	-	-	-	-	-
Issuance of refunding Bonds	23,665	26,210	267	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	(359)	(124)	-	-	(21,914)	-	-	-	-
Payments to escrow agent	(25,089)	-	-	-	-	-	-	-	-	-
Premium on GO bond issue	1,463	430	-	-	-	-	-	-	-	-
Proceeds from Tax Increment Bonds	-	-	2,270	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,238)	32,840	1,348	59,633	(2,497)	(4,986)	(1,440)	19,151	30,675	30,675
Net change in fund balances	\$ (4,238)	\$ 7,249	\$ (26,383)	\$ 41,081	\$ (8,113)	\$ (17,213)	\$ (9,239)	\$ 17,244	\$ (5,412)	\$ 22,675
Debt service as a percentage of noncapital expenditures	7.8%	10.4%	14.6%	14.5%	12.8%	12.4%	13.5%	15.1%	36.5%	15.8%

City of Jackson
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434
2008	62,702	35,428	1,447	31	282	99,890
2007	63,606	35,838	1,442	31	304	101,221
2006	60,221	37,993	1,398	31	302	99,945
2005	59,079	35,673	1,406	31	267	202,442
2004	59,979	35,882	1,152	31	261	199,890
2003	60,411	35,097	1,376	31	249	298,898
2002	56,653	35,685	1,836	30	250	297,195
2001	54,783	35,641	1,436	29	236	396,062

City of Jackson
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (2)

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value		
2010	\$ 798,026,041	6,252,141,950	400,770,321	1,887,134,230	1,198,796,362	8,139,276,180	56.72	10%, 15%, and 30%
2009	790,601,910	6,190,265,033	423,164,849	1,988,646,047	1,213,766,759	8,178,911,080	56.72	10%, 15%, and 30%
2008	658,357,211	5,139,019,840	452,411,093	2,076,697,273	1,110,768,304	7,215,717,113	56.75	10%, 15%, and 30%
2007	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	56.75	10%, 15%, and 30%
2006	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	54.75	10%, 15%, and 30%
2005	646,330,913	5,049,924,236	450,491,882	2,058,904,287	1,096,822,795	7,108,828,523	54.75	10%, 15%, and 30%
2004	647,107,272	5,064,263,293	449,595,540	2,056,352,200	1,096,702,812	7,120,615,493	54.75	10%, 15%, and 30%
2003	645,275,896	5,058,517,697	450,036,558	2,047,883,870	1,095,312,454	7,106,401,567	54.75	10%, 15%, and 30%
2002	648,515,478	5,082,209,647	457,215,511	2,072,729,643	1,105,730,989	7,154,939,290	54.45	10%, 15%, and 30%
2001	572,009,657	4,514,020,527	456,399,511	2,158,493,493	1,028,409,168	6,672,514,020	51.95	10%, 15%, and 30%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are fixed at ten percent (10%) of appraised value for homeowner occupied real property, and fifteen percent (15%) of appraised value for all other real and personal property for Fiscal Years 1987-1996. State law required a reappraisal of all property in Mississippi in order to obtain an equitable and uniform appraisal in proportion to current market value, and property was assessed at fifteen percent (15%) beginning in Fiscal Year 1985. The assessed value for motor vehicles and for property owned by public service corporations is determined by an assessment schedule prepared each year by the State of Mississippi Tax Commission, and is set at approximately thirty percent (30%) of appraised value for Fiscal Year 1989 and thereafter.

(2) Includes automotive valuation.

There was an error in reporting the fiscal year 2006 assessed and estimated taxable property. This error is corrected in fiscal year 2007.

SOURCE: Hinds, Rankin and Madison County Tax Collectors

CITY OF JACKSON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Jackson			Overlapping Rates						
	Operating Millage	Debt Service Millage	Total City Millage	County		School District				
				Debt Service & Operating County Millage		Operating Millage	Debt Service Millage	Total School Millage		
									Special Districts	Total Direct & Overlapping Rates
2010	50.09	6.63	56.72	39.12	68.91	6.08	74.99	1.31		172.14
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31		172.14
2008	52.28	4.47	56.75	39.12	68.91	6.08	74.99	1.28		172.14
2007	47.23	9.52	56.75	39.12	68.91	6.08	74.99	1.28		172.14
2006	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28		170.85
2005	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28		170.85
2004	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28		169.27
2003	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28		169.27
2002	44.23	10.22	54.45	37.41	68.91	7.09	76.00	1.28		169.14
2001	41.23	10.72	51.95	35.41	68.27	7.02	75.29	1.28		163.93

Source: Hinds County Tax Collectors, Jackson Public School District, and Jackson/Hinds Library System

City of Jackson
Principal Property Taxpayers
September 30, 2010
(amounts expressed in thousands)

<u>Taxpayer</u>	2010			2001		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bell South	\$ 56,538	1	5.53%	\$ 70,612	1	7.89%
Entergy	52,010	2	5.09%	43,815	2	4.89%
Atmos Energy	9,694	3	0.95%	-	-	-
Jackson HMA	7,645	4	0.75%	-	-	-
AT& T	3,575	10	0.35%	17,358	4	1.94%
Trustmark National Bank	5,123	7	0.50%	-	-	-
Parkway Properties	7,558	5	0.74%	-	-	-
Central MS Health Systems	4,911	8	0.48%	18,026	3	2.01%
Jackson Medical Offices	4,075	9	0.40%	-	-	-
Wal-Mart/Sam's Wholesale Club	5,601	6	0.55%	5,117	8	0.57%
McCarty Holman, Inc.	-	-	-	9,987	5	1.12%
Deposit Guaranty National Bank	-	-	-	-	-	-
Metrocenter	-	-	-	4,302	9	0.48%
Southern Farm Bureau Insurance Company	-	-	-	-	-	-
Home Depot	-	-	-	3,320	10	0.37%
Gulf South Pipeline Company LP	-	-	-	-	-	-
Delphi Auto Systems LLC	-	-	-	-	-	-
Illinois Central Railroad	-	-	-	-	-	-
Eaton Aerospace LLC	-	-	-	-	-	-
Mississippi Valley Gas Company	-	-	-	7,894	7	0.88%
Duke Energy	-	-	-	8,853	6	0.99%
Totals	<u><u>\$ 156,730</u></u>		<u><u>15.33%</u></u>	<u><u>\$ 189,284</u></u>		<u><u>21.14%</u></u>

Source: Hinds County

City of Jackson
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 61,942	\$ 59,321	95.8%	\$ 972	\$ 60,294	97.3%
2009	61,363	59,602	97.1	376	59,978	97.7
2008	55,175	53,501	97.0	212	53,712	97.3
2007	55,147	54,276	98.4	306	54,582	99.0
2006	52,019	50,928	97.9	996	51,924	99.8
2005	53,925	52,750	97.8	270	53,020	98.3
2004	51,710	50,606	97.9	301	50,907	98.4
2003	55,845	53,807	96.4	445	54,252	97.1
2002	53,295	50,401	94.6	250	50,651	95.0
2001	49,078	47,661	97.1	748	48,408	98.6

The total tax levy does not include automobile ad valorem taxes.

Beginning Fiscal Year 1988, the majority of school taxes collected were remitted directly to the Jackson Municipal Separate School District by Hinds County, the collecting agency.

City of Jackson
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Sewer Bonds	General Obligation Bonds	Capital Leases			
2010	131,720	-	13,520	148,920	-	4,704	298,864	5.66%	1,722
2009	134,610	-	13,053	155,830	-	5,722	309,215	5.07%	1,678
2008	112,535	-	13,027	161,345	-	1,716	288,623	4.63%	1,566
2007	115,500	-	14,013	167,670	-	2,272	299,455	5.11%	1,625
2006	58,715	-	16,009	173,700	-	1,379	249,803	4.35%	1,356
2005	66,525	-	12,601	179,250	-	1,417	259,793	4.89%	1,410
2004	73,195	-	14,105	115,995	-	2,550	205,845	3.88%	1,117
2003	80,180	-	12,179	121,400	630	3,442	217,831	4.31%	1,182
2002	69,365	-	9,085	132,226	1,205	4,117	215,998	4.27%	1,172
2001	76,735	180	6,616	88,226	1,730	3,718	177,205	3.77%	962

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 128 for personal income and population data.

City of Jackson
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Assessed Value	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2010	\$ 1,022,263	\$ 131,720	\$ 2,577	\$ 129,143	12.63%	\$ 701.86
2009	1,027,088	134,610	2,471	132,139	12.87%	718.15
2008	921,948	112,535	2,257	110,278	11.96%	599.34
2007	920,291	115,500	2,521	112,979	12.28%	614.02
2006	908,925	58,715	1,529	57,186	6.29%	310.79
2005	918,235	66,525	1,785	64,740	7.05%	351.36
2004	903,200	73,195	1,293	71,902	7.96%	390.23
2003	960,332	80,180	451	79,729	8.30%	432.71
2002	904,380	69,365	1,902	67,463	7.46%	366.14
2001	895,371	76,735	3,814	72,921	8.14%	395.76

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual of Taxable Property on page 119 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 128.

City of Jackson
Direct and Overlapping Governmental Activities Debt
As of September 30, 2010
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hinds County	\$ 47,655	76.57%	\$ 36,489
Jackson Public Schools	143,735	100.00%	143,735
Subtotal, overlapping debt			<u>180,224</u>
 City of Jackson direct debt	 131,720	 100.00%	 131,720
 Total direct and overlapping debt			 <u>\$ 311,944</u>

Sources: Assessed value data used to estimate applicable percentages by City of Jackson, Hinds County, and Jackson Public Schools.

Note: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Jackson. This process recognizes that, when considering the City of Jackson ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is with the government's boundaries and dividing it by the county's total taxable assessed value.

City of Jackson
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit	\$ 173,116	\$ 175,386	\$ 160,093	\$ 160,138	\$ 158,399	\$ 159,636	\$ 159,437	\$ 158,886	\$ 160,907	\$ 152,180
Total net debt applicable to limit	<u>70,951</u>	<u>74,132</u>	<u>43,375</u>	<u>50,710</u>	<u>59,120</u>	<u>67,345</u>	<u>74,400</u>	<u>81,745</u>	<u>71,255</u>	<u>78,925</u>
Legal debt margin	<u>\$ 102,165</u>	<u>\$ 101,254</u>	<u>\$ 116,718</u>	<u>\$ 109,428</u>	<u>\$ 99,279</u>	<u>\$ 92,291</u>	<u>\$ 85,037</u>	<u>\$ 77,141</u>	<u>\$ 89,652</u>	<u>\$ 73,255</u>

Total net debt applicable to the limit
as a percentage of the debt limit

Legal Debt margin Calculation for Fiscal Year 2010

Assessed value	\$ 1,211,240
Less Homestead Exemption	\$ (57,133)
Total assessed value	<u>\$ 1,154,107</u>
Debt limit (15% of total assessed value)	173,116
Debt application to limit:	
Bond indebtedness	219,871
Less: Amount set aside for repayment of revenue bond debt	<u>(148,920)</u>
Total net debt applicable to limit	<u>\$ 70,951</u>
Legal debt margin	<u>\$ 102,165</u>

Note: Under state finance law, the City of Jackson's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Jackson
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Sewer Revenue Bonds					Special Assessment Bonds (1)				
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest		Principal	Interest		
2010	\$ 41,974	\$ 26,128	\$ 15,846	\$ 6,910	\$ 7,838	\$ -	\$ -	\$ -	\$ -	\$ -
2009	41,440	27,837	13,603	5,105	8,218	-	-	-	-	-
2008	47,468	29,410	18,058	6,325	8,510	-	-	-	-	-
2007	44,180	22,830	21,350	6,030	8,787	-	-	-	-	-
2006	45,495	23,985	21,510	5,550	7,715	-	-	-	-	-
2005	41,166	22,387	18,779	7,095	5,924	-	-	-	-	-
2004	40,012	23,394	16,618	5,405	6,651	-	-	-	-	-
2003	44,387	21,903	22,484	6,555	6,587	-	-	-	-	-
2002	44,453	20,609	23,844	5,410	4,425	154	180	9	20.00	
2001	33,524	21,411	12,113	5,175	4,680	170	170	18	9.44	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

(1) No principal or interest payments were scheduled for fiscal years 2003-2008 for Special Assessment Bonds.

City of Jackson
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (3)	Median Age (4)	Education Level in Years of Formal Schooling (2)	School Enrollment (2)	Unemployment Rate (3)
2010	173,514	6,247,025	36,003	31.0	12	30,600	7.8%
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%
2008	184,256	6,238,540	33,858	31.0	12.3	31,000	6.5%
2007	184,256	5,860,815	31,808	31.9	12.3	31,000	5.0%
2006	184,256	5,744,549	31,177	31.9	12.3	32,403	4.4%
2005	184,256	5,308,231	28,809	31.0	12.3	32,000	8.3%
2004	184,256	5,308,231	28,809	34.3	12.3	31,580	4.5%
2003	184,256	5,053,774	27,428	34.2	12.3	31,508	5.0%
2002	184,256	5,053,774	27,428	34.2	12.3	31,240	5.5%
2001	184,256	4,699,634	25,506	34.2	12.3	31,436	4.5%

Data Sources

- (1) Mississippi Census Bureau
- (2) Jackson Public Schools Estimate
- (3) Bureau of Labor Statistics
- (4) Mississippi Census Bureau

**City of Jackson
Principal Employers
Current Year and Nine Years Ago**

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	31,556	1	17.13%			
University of Mississippi	8,000	2	4.34%			
U.S. Government	5,500	3	2.98%			
Jackson Public School District	4,814	4	2.61%			
Baptist Health Systems	2,875	5	1.56%			
St. Dominic Health Services	2,600	6	1.41%			
City of Jackson, Mississippi	2,323	7	1.26%			
Jackson State University	1,667	8	0.90%			
AT&T	1,300	9	0.71%			
Central MS Medical Center	1,200	10	0.65%			
	<u>61,835</u>		<u>33.56%</u>			

Source: MetroJackson Chamber of Commerce 2009

Note: Data for 2001 is currently not available.

City of Jackson
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General government	229	219	255	250	300	304.5	299.5	311	304	379
Public safety										
Police										
Officers	465	-	500	425	468	490	490	458	429	429
Civilians	270	-	299	291	174	284	284	296	296	296
Fire										
Firefighters and officers	342	354	362	351	356	353	631	376	367	394
Civilians	10	11	11	7	8	12	11	13	13	18
Public works	449	466	606	552	625	645	606	608	648	673
Culture and Recreation	370	319	218	381	424	436.5	452.5	465	454	530
Planning and Development	78	91	70	80	77	88	90	96	101	101
Total	2213	1460	2321	2337	2432	2613	2864	2623	2612	2820

Source: City of Jackson Budget Office.

(1) The dashes indicate data that is not available.

City of Jackson
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Parking violations	13,777	11,076	13,223	14,832	20,490	25,994	24,970	27,937	22,092	30,586
Traffic violations	56,587	47,146	38,429	25,314	30,061	36,837	47,324	48,587	41,682	37,945
Fire										
Number of calls answered	-	11,577	7,644	7,342	12,259	12,856	12,602	12,823	-	-
Inspections (3)	3,701	4,510	3,241	4,500	4,086	4,626	3,727	4,229	5,518	-
Highways and streets										
Street resurfacing (miles)	-	68.3	8.3	5.6	7.1	5.9	9.5	16.0	6.3	13.3
Potholes repaired (2) (4)	51,431	3,619	4,154	3,626	4,011	5,014	5,724	2,194	-	-
Sanitation										
Refuse collected (tons/day)	5,718	5,058	5,848	2,398.4	1,447.8	1,420.7	3,612.3	3,401.0	4,233.3	2,343.0
Recyclables collected (tons/day)(1)	81.72	80.16	109.88	90.77	99.68	85.95	-	-	-	-
Culture and recreation										
Community center admissions (3)	68	90	34	101	95	115	168	-	-	-
Water										
New connections	198	670	334	530	602	399	501	517	515	594
Average daily consumption (thousands of gallons) (3)	24,024	-	21,080	21,530	20,630	21,160	21,250	23,700	24,120	25,290
Wastewater										
Average daily sewage treatment (thousands of gallons)	46,650	47,170	44,650	42,100	47,200	46,100	52,400	45,600	43,900	37,300

Source: Various City of Jackson departments.

(1) The City of Jackson Sanitation Division implemented their recycling program in March 2005.

(2) The City of Jackson Streets Division implemented a new system of reporting potholes. Therefore data for fiscal years 1999-2002 is not available.

(3) The dashes indicate data that is not available.

(4) Prior years has been recorded as the number of pothole calls not the number of pothole fills.

City of Jackson
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public safety										
Police stations	6	6	5	5	5	5	5	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,447	1,431	1,428	1,428	1,428	1,428	1,428	1,435	1,435	1,435
Traffic signals	334	334	333	333	332	332	332	-	-	-
Culture and recreation										
Parks	54	54	54	54	54	54	54	54	54	54
Swimming pools	9	9	9	9	9	9	9	9	9	9
Tennis courts	61	61	61	61	61	61	61	61	61	61
Community centers	10	10	10	10	10	10	10	10	10	10
Water										
Water mains (miles)	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,214
Fire hydrants	7,500	7,500	7,500	7,500	7,500	-	-	-	-	-
Maximum daily capacity (thousands of gallons)	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000
Sewer										
Sanitary sewers (miles)	911	911	911	911	909	909	909	909	909	906
Storms sewers (miles)	460	460	460	460	460	460	460	460	460	450

Source: Various City of Jackson departments.

(1) The dashes indicate data that is not available.

SINGLE AUDIT

**CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
SEPTEMBER 30, 2010**

1) Company: Bryson Insurance Agency

Limits of liability: Honesty Blanket
Position Bond Coverage

Position	Coverage per each	Term of bond
All employees except City Council (7)	\$100,000	03/28/09 - 03/28/10
Mayor, City Administrative Officer, Director of Administration, Chief of Police, Deputy Chief of Police, City Clerk, Deputy Clerk (8)		03/28/10 - 03/28/11

2) Company: Porter's Insurance Agency
Bryson Insurance Agency
Boyles Moak Brickell Marchetti
Statewide General Insurance

Limits of liability: Surety Bond coverage as follows:

Position	Coverage per each	Term of bond
City Council (7)	\$100,000	07/04/09 - 07/04/10 07/04/10 - 07/04/11
Mayor	\$100,000	07/04/09 - 07/04/10 07/04/10 - 07/04/11
City Administrative Officer	\$50,000	07/04/09 - 07/04/10 07/04/10 - 07/04/11
City Clerk	\$50,000	05/01/09 - 05/01/10 05/01/10 - 05/01/11
Director of Administration	\$50,000	08/14/09 - 08/14/10 08/14/10 - 08/14/11
Chief of Police	\$50,000	07/05/09 - 07/05/10 07/05/10 - 07/05/11
Deputy Chief of Police	\$25,000	04/01/09 - 04/01/10 04/01/10 - 04/01/11
Deputy Clerk (6)	\$50,000	04/01/09 - 04/01/10 04/01/10 - 04/01/11
Deputy Clerk	\$50,000	08/22/09 - 08/22/10 08/22/10 - 08/22/11
Deputy Clerk	\$50,000	02/01/09 - 02/01/10 02/01/10 - 02/01/11



BANKS, FINLEY, WHITE & CO.

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of the City Council
Jackson, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2010, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jackson, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jackson, Mississippi's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson, Mississippi's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in 2010-1 and 2010-2 in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jackson, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Jackson, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Jackson, Mississippi's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, City Council, and management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks Finley, White & Co.

March 31, 2011



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

To the Honorable Mayor Harvey Johnson, Jr., and
Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2010, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the basic financial statements disclosed material instances of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

1. Finding

The City did not maintain the required coverage amount for the surety bond of four deputy city clerks and five deputy chiefs of police as required by Sections 21-15-23 and 45-5-9, Miss. Code Ann. (1972).

Recommendation

The City should comply with Section 21-15-23, Miss. Code Ann. (1972) and Section 45-5-9, Miss. Code Ann. (1972) which requires that surety bond coverage be maintained in an amount that meets state legal requirements for key personnel positions.

City of Jackson, Mississippi's Response

Subsequent to September 30, 2010, sufficient bond coverage has been obtained for the four deputy city clerks and five deputy chiefs of police. As of the date of this audit, the City is in compliance with Section 21-15-23, Miss. Code Ann. (1972) and Section 45-5-9, Miss. Code Ann. (1972).

This report is intended solely for the information of the Mayor, City Council, management others within the organization, Office of the State Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

March 31, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	277,484
SUBTOTAL CFDA NUMBER 10.558			277,484
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	47,057
SUBTOTAL CFDA NUMBER 10.559			47,057
(Central Mississippi Planning and Development District - Pass Through)			
Commodity Supplemental Food Program	10.565	378-K-25	6,452
Commodity Supplemental Food Program-ARRA	10.565	378-K-25A	22,748
Commodity Supplemental Food Program	10.565	396-D-25	33,005
SUBTOTAL CFDA NUMBER 10.565			62,205
TOTAL U.S. DEPARTMENT OF AGRICULTURE			386,746
<u>U.S. Department of Commerce</u>			
Economic Adjustment Assistance	11.307	04-69-06180	309,165
SUBTOTAL CFDA NUMBER 11.307			309,165
TOTAL U.S. DEPARTMENT OF COMMERCE			309,165
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant	14.218	B-08-MC-28-0003	1,418,623
Community Development Block Grant - Neighborhood Stabilization Program	14.218	B-08-MN-28-0001	1,093,503
Community Development Block Grant	14.218	B-09-MC-28-0003	968,208
SUBTOTAL CFDA NUMBER 14.218			3,480,334
Emergency Shelter Grants Program	14.231	S-08-MC-28-0002	39,365
Emergency Shelter Grants Program	14.231	S-09-MC-28-0002	73,828
SUBTOTAL CFDA NUMBER 14.231			113,193
HOME Investment Partnership Program	14.239	M-03-MC-28-0200	3,750
HOME Investment Partnership Program	14.239	M-04-MC-28-0200	76,620
HOME Investment Partnership Program	14.239	M-06-MC-28-0200	110,154
HOME Investment Partnership Program	14.239	M-07-MC-28-0200	366,627
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	120,970
HOME Investment Partnership Program	14.239	M-09-MC-28-0200	130,000
SUBTOTAL CFDA NUMBER 14.239			808,121
Housing Opportunities for Persons with AIDS	14.241	MS-H08-F001	646,474
Housing Opportunities for Persons with AIDS	14.241	MS-H09-F001	398,550
SUBTOTAL CFDA NUMBER 14.241			1,045,024
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-03-SP-MS-0402	164,379
SUBTOTAL CFDA NUMBER 14.251			164,379
Community Development Block Grant Recovery - ARRA	14.253	B-09-MY-28-0003	492,294
SUBTOTAL CFDA NUMBER 14.253			492,294
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	S-09-MY-28-0002	262,532
SUBTOTAL CFDA NUMBER 14.257			262,532
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			6,365,877

The accompanying notes are an integral part of this schedule.

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Justice</u>			
(Mississippi Department of Public Safety - Pass Through)			
Juvenile Accountability Incentive Block Grant	16.523	05JB2191	5,148
SUBTOTAL CFDA NUMBER 16.523			<u>5,148</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007DJBX0570	1,456
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008DJBX0627	12,793
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009DJBX1159	243,688
SUBTOTAL CFDA NUMBER 16.738			<u>257,937</u>
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.804	2009SBB93222	400,460
SUBTOTAL CFDA NUMBER 16.804			<u>400,460</u>
Public Safety Partnership & Community Policing Grant	16.710	2008CKWX0439	285,950
Public Safety Partnership & Community Policing Grant	16.710	2009CKWX0603	120,807
Public Safety Partnership & Community Policing Grant	16.710	95ULWX0025	113,854
SUBTOTAL CFDA NUMBER 16.710			<u>520,611</u>
Developing, Testing And Demonstrating New Programs	16.541	2005-JL-FX-0262	6,713
Developing, Testing And Demonstrating New Programs	16.541	2006-JL-FX-0079	92,065
Developing, Testing And Demonstrating New Programs	16.541	2009-JL-FX-0009	3,096
SUBTOTAL CFDA NUMBER 16.541			<u>101,874</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,286,030</u>
<u>U.S. Department of Labor</u>			
Direct Program:			
WIA Pilots, Demonstrations, and Research Projects - Homeless Transitional Job Project	17.261	EA-20630-10-10-60-A-28	3,735
SUBTOTAL CFDA NUMBER 17.261			<u>3,735</u>
Older Americans Act			
(Central Mississippi Planning and Development District - Pass Through)			
Senior Community Service Employment Program (Title V)	17.235	398-G-25	3,978
Senior Community Service Employment Program (Title V)	17.235	AD-18755-09-60-A-24	586,115
Senior Community Service Employment Program (Title V)	17.235	AD-20017-10-60-A-24	235,922
Senior Community Service Employment Program (ARRA)	17.235	AD-18413-09-60-A-24	123,945
SUBTOTAL CFDA NUMBER 17.235			<u>949,960</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>953,695</u>
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
Direct Programs:			
Federal Transit Formula Grants	20.507	MS-90-X0-72	1,145
Federal Transit Formula Grants	20.507	MS-90-X0-81	902,938
SUBTOTAL CFDA NUMBER 20.507			<u>904,083</u>
Federal Transit Capital Investment Grants	20.500	MS-03-00-12	204,380
Federal Transit Capital Investment Grants	20.500	MS-03-00-14	129,802
Federal Transit Capital Investment Grants	20.500	MS-03-00-25	12,083
Federal Transit Capital Investment Grants	20.500	MS-03-0027	2,915,334
Federal Transit Capital Investment Grants	20.500	MS-04-00-03	418,802
SUBTOTAL CFDA NUMBER 20.500			<u>3,680,401</u>
(Mississippi Department of Transportation-Pass Through)			
Highway Planning and Construction (Woodrow Wilson)	20.205	NHS-7281-00(001) 105016/701000	706,707
Highway Planning and Construction (West County Line)	20.205	DHP-7305-00(005) 105014/801000	35,642
Highway Planning and Construction (Urban Youth Corps Grant)	20.205	STP-9999-00(911) 105590/313000	33,272
Highway Planning and Construction (Traffic Calming Project)	20.205	TCSP-0250(21) 103924/303000	466,815
SUBTOTAL CFDA NUMBER 20.205			<u>1,242,436</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>5,826,920</u>

The accompanying notes are an integral part of this schedule.

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96486207	370,874
SUBTOTAL CFDA NUMBER 66.818			370,874
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			370,874
<u>U.S. Department of Energy</u>			
Direct Programs:			
Energy Efficiency and Conservation Block Grant Program (ARRA)	81.128	DE-SC0003032	15,460
SUBTOTAL CFDA NUMBER 81.128			15,460
TOTAL U.S. DEPARTMENT OF ENERGY			15,460
<u>U.S. Department of Health and Human Services</u>			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Central MS Planning and Development District - Pass Through)			
Title III-B Outreach	93.044	377-K-25	10,000
Title III-B Transportation	93.044	377-K-25	11,777
SUBTOTAL CFDA NUMBER 93.044			21,777
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)			
Congregate Nutrition Program (Non-cash)	93.045	378-K-25	21,140
Congregate Nutrition Program -ARRA (Non-cash)	93.045	378-K-25A	74,822
SUBTOTAL CFDA NUMBER 93.045			95,962
(State of MS Office of Child Nutrition - Pass Through)			
Child Care Development Block Grant	93.575	625Q691A	487,243
Child Care Development Block Grant	93.575	625Q601A	470,676
SUBTOTAL CFDA NUMBER 93.575			957,919
(Mississippi Development Authority - Pass Through)			
Urban Enterprise Grant	93.585	EZ03-EZ/EC-URBAN	112,140
SUBTOTAL CFDA NUMBER 93.585			112,140
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)			
Transportation	93.667	396-D-25	80,223
Home Delivered Meals	93.667	396-D-25	36,352
Home Delivered Meals (Non-cash)	93.667	396-D-25	122,443
SUBTOTAL CFDA NUMBER 93.667			239,018
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,426,816
<u>Corporation for National and Community Service</u>			
Mississippi Commission for Volunteer Service - Pass Through			
AMERICORPS	94.006	09AC094696	177,387
AMERICORPS	94.006	10AC109584	9,012
SUBTOTAL CFDA NUMBER 94.006			186,399
TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE			186,399
<u>U.S. Office of National Drug Control Policy</u>			
(MS Gulf Coast HIDTA - Pass Through)			
High Intensity Drug Trafficking Area (HIDTA)	95.001	I9PGCP540Z	19,526
High Intensity Drug Trafficking Area (HIDTA)	95.001	I10PGCP540Z	22,749
SUBTOTAL CFDA NUMBER 95.001			42,275
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			42,275

The accompanying notes are an integral part of this schedule.

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Mississippi Emergency Management Agency (Pass-Through)			
Disaster Grants - Public Assistance	97.036	FEMA-1764-DR-MS	467
SUBTOTAL CFDA NUMBER 97.036			<u>467</u>
Mississippi Department of Public Safety (Pass-Through)			
Homeland Security Grant Program	97.067	08LE221	82,392
Homeland Security Grant Program	97.067	09LE221	6,062
Homeland Security Grant Program	97.067	07MM221	191,848
Homeland Security Grant Program	97.067	08MM221	139,963
SUBTOTAL CFDA NUMBER 97.067			<u>420,732</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>421,199</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>17,591,456</u>

LOANS AND LOAN GUARANTEES

U.S. Department of Housing and Urban Development

The City of Jackson has the following loans payable to the
U.S. Department of Housing and Urban Development at September 30, 2010.
The funds were used to stimulate renewal and economic development
activities in the Capital Center Development Area

Community Development Block Grant - Section 108 Loan Guarantees variable/fixed rate note dated September 15, 2008	14.248	B-07-MC-28-0003	\$ 6,999,930
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 6,999,930</u>

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jackson and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE 2 - CONTINGENCY

The City has responsibility for expending grant funds in accordance with specific instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the City.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources. Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 2003, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 3 - SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the City of Jackson provided federal awards to sub recipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Sub-recipients
Housing Opportunities for Persons With Aids	14.241	\$1,031,801
Home Investment Partnership Program	14.239	746,335
Community Development Block Grant – Entitlement Grants	14.218	502,471
Homeless Prevention and Rapid Re-housing Program – ARRA	14.257	248,073
Emergency Shelter Grant Program	14.231	113,193
Urban Enterprise Grant	93.585	<u>112,140</u>
Total		<u>\$ 2,754,013</u>

NOTE 4 – LOAN AND LOAN GUARANTEES

In accordance with OMB Circular A-133, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of The City Council
Jackson, Mississippi

Compliance

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Jackson, Mississippi's major federal programs for the year ended September 30, 2010. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jackson, Mississippi's management. Our responsibility is to express an opinion on the City of Jackson, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jackson, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Jackson, Mississippi's compliance with those requirements.

As described in item(s) 2010-3 through 2010-7 in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi did not comply with requirements regarding Special Tests and Provisions, Suspension & Debarment, Reporting and Sub-Recipient Monitoring that are applicable to its Home Investment Partnership Program, Federal Transit Formula Grant, Housing Opportunities for Persons with Aids Grant, Public Safety Partnership and Community Policing Grants, Edward Byrne Memorial Justice Assistance Grant Program - ARRA and Community Development Block Grant-ARRA. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Jackson, Mississippi complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the City of Jackson, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Jackson, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jackson, Mississippi's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

City of Jackson, Mississippi's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Jackson, Mississippi's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Mayor, City Council, and management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bank, Finley, White & Co.
March 31, 2011

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

Section 1: Summary of Auditor's Results

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements. | Unqualified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |

Federal Awards:

- | | | |
|----|--|-----|
| 4. | Type of auditor's report issued on compliance with major federal programs: | |
| | Unqualified for all major programs except for Home Investment Partnership Program, Federal Transit Formula Grant, Housing Opportunities for Persons with Aids Grant, Public Safety Partnership and Community Policing Grants, Edward Byrne Memorial Justice Assistance Grant Program - ARRA and Community Development Block Grant-ARRA | |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 6. | Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | CFDA #14.218 U. S. Department of Housing and Urban Development
Community Development Block Grant | |
| | CFDA #14.239 U. S. Department of Housing and Urban Development
Home Investment Partnership Program | |
| | CFDA #14.241 U. S. Department of Housing and Urban Development
Housing Opportunities for Persons with AIDS | |
| | CFDA #14.253 U. S. Department of Housing and Urban Development
ARRA – Community Development Block Grant | |
| | CFDA #16.710 U. S. Department of Justice
Public Safety Partnership & Community Policing Grant | |

CFDA #16.804 U. S. Department of Justice
Edward Byrne Memorial Justice Assistance Grant Program - ARRA
Assistance Discretionary Grants Program

CFDA #17.235 U.S. Department of Labor
Senior Community Service Employment Program
Senior Community Service Employment Program (ARRA)

CFDA #20.507 U. S. Department of Transportation
Federal Transit Formula Grant

CFDA #20.205 U. S. Department of Transportation
Highway Planning and Construction

8. The dollar threshold used to distinguish between type A and type B programs: \$527,744
9. The City of Jackson did not qualify as a low-risk auditee.

Section 2: Findings Relating to the Financial Statements Audit

MAINTAINING FIXED ASSET RECORDS

2010-1

Statement of Condition

Fixed assets are being maintained on two different systems, with some assets being reported on both systems.

The City's process for review and closing of CIP is not adequately defined.

Cause of Condition

The City has not provided for a single computerized system designed to accumulate asset cost and calculate depreciation expense. Additionally, there is no adequate process in place to systematically provide for the review and closing of CIP in an adequate manner.

Effect of Condition

The financial statements might be materially misstated and the errors would not be detected by management.

Criteria

The City is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in capital assets.

Auditor's Recommendation

The City should convert to a single computerized capital asset system. This will eliminate a significant amount of manual record keeping duties, make operations more efficient and provide more accurate information with which to make business decisions regarding fixed assets.

WATER/SEWER ACCOUNTS RECEIVABLE

2010-2

Statement of Condition

The allowance for doubtful accounts calculation is based on inaccurate information for water and sewer accounts. The reports utilized in the calculation include credit balances for former customers that have received their final bill. These credit balances are included in current receivables which result in lower aging amounts due to the net effect of the former customer credits. Additionally, the City's estimate of the allowance for doubtful accounts does not consider historical collections based on the various aging categories.

Cause of Condition

The City has not designed internal control procedures for appropriate review and reconciliation of accounts receivable.

Effect of Condition

The financial statements might be materially misstated and the errors would not be detected by management.

Criteria

The City is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in accounts receivable.

Auditor's Recommendation

The City should consider historical collections for the various receivable aging categories when determining uncollectible allowances. Additionally, credit balances of former customers should be removed from accounts receivable and be reflected as a liability of the City to help prevent inaccurate allowance determinations.

Section 3: Major Federal Awards Program Findings and Questioned Costs

Finding 2010-03 – SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA#: Home Investment Partnership Program/ 14.239

Statement of Condition

During the Special Test of Maximum Per Unit Subsidy, we noted that the City did not have a policy in place to calculate the after-rehabilitation value of houses, and while reviewing the after-rehab amount of tested rehab projects, we determine the amount exceeded the FHA Mortgage Limits.

Cause of Condition

Code inspectors relied on the average square foot rate used by general contractors.

Effect of Condition

The after rehabilitation value exceeded HOME guidelines.

Criteria

The OMB Circular A-133 compliance supplement states that “The per unit investment of HOME funds may not exceed the Federal Housing Administration (FHA) mortgage limits in Subsection 221 (d)(3) of the National Housing Act, including any area-wide high cost exceptions approved by HUD”.

Auditor's Recommendation

The City should immediately adopt a policy which establishes limits on the after rehabilitation value of projects utilizing HOME funds. This policy should ensure that HOME subsidies begin provided are not more than necessary to provide affordable housing and are properly supported.

Finding 2010-04 – SUSPENSION AND DEBARMENT

Grant Program/CFDA#: Federal Transit Formula Grant/ 20.507; Home Investment Partnership Program/ 14.239; Housing Opportunities for Persons with Aids/14.241; Public Safety Partnership and Community Policing Grants/ 16.710; Edward Byrne Memorial Justice Assistance Grant Program – ARRA/16.804

Statement of Condition

During the suspension and debarment compliance testing, we noted that the City entered into contracts for goods and/or services for amounts equal to or exceeding \$25,000 and entered into sub-grant agreements with sub-recipients in which no documentation was maintained to support the fact that the contractor/sub-recipient had not been suspended or debarred or otherwise excluded from receiving the contract.

Cause of Condition

Failure to document that a search was performed to ascertain that the contractor/vendor was not suspended or debarred.

Effect of Condition

Non-compliance with grant requirements.

Criteria

The OMB Circular A-133 Compliance Supplement states that entities are prohibited from contracting with or making sub-awards under covered transactions involving federal funds to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$25,000 and all non-procurement transactions (e.g., sub-awards to sub recipients).

Auditor's Recommendation

Although we were able to determine that the contractors and sub-recipients were not suspended or debarred, we recommend that the City strengthen internal administrative controls as it relates to the testing for suspension and debarment on contracts involving federal funds by requiring the retention of documentation verifying that a search for suspension and debarment was performed.

Finding 2010-05 – REPORTING

Grant Program/CFDA#: ARRA - Community Development Block Grant/14.253; Edward Byrne Memorial Justice Assistance Grant Program – ARRA/16.804

Statement of Condition

During our testing of Reporting for the above ARRA grants, we noted that four (4) out of eight (8) ARRA 1512 reports reviewed were not filed in a timely manner.

Cause of Condition

Failure to comply with federal ARRA regulations regarding the timely submission of financial reports.

Effect of Condition

Section 1512 reports were not filed in a timely manner.

Criteria

ARRA Title XV, section 1512(c) and the U.S. Office of Management and Budget memo 09-15 states that Prime recipients that received ARRA funds from a Federal agency will be required to submit quarterly reports within 10 calendar days of the end of the calendar quarter.

Auditor's Recommendation

We recommend that the City review their process for ARRA 1512 reporting and implement the appropriate procedures to ensure that ARRA reporting is performed within the required time period.

Finding 2010-06 – SUBRECIPIENT MONITORING

Grant Program/CFDA#: Home Investment Partnership Program/ 14.239

Statement of Condition

During our review of sub-recipient monitoring, we noted that the City did not ensure that one (1) sub-recipient's audit was received in a timely manner or performed in accordance with OMB Circular A-133.

Cause of Condition

The City of Jackson's HOME Grant monitors did not request the sub-recipient audit report in a timely manner and did not adequately review the sub-recipient audit report to determine if the audit met the requirements of OMB Circular A-133.

Effect of Condition

The sub-recipient audit report was received late and did not meet OMB Circular A-133 compliance requirements because it referenced a City of Jackson, MS sub-grant as a major program and that sub-grant was not included on the sub-recipient audit report schedule of expenditures of federal awards.

Criteria

Per the OMB Circular A-133 Compliance Supplement, the City is "responsible for ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period."

Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that sub-recipients submit audit reports within the prescribed time period and ensure that all reports are thoroughly reviewed and any deficiencies noted are communicated to the sub-recipient in a timely manner.

Finding 2010-07 – SUBRECIPIENT MONITORING

Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program – ARRA/16.804

Statement of Condition

During our review of sub-recipient monitoring, we noted that the City did not have procedures in place to monitor the sub-recipient grantee.

Cause of Condition

No procedures were in place for sub-recipient monitoring.

Effect of Condition

No documented monitoring review was performed during the year ended September 30, 2010.

Criteria

Per the OMB Circular A-133 Compliance Supplement, the City is required to “monitor the sub-recipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.”

Auditor's Recommendation

We strongly recommend that the City of Jackson adopt specific procedures as it relates to sub-recipient monitoring that is tailored to the requirements of the specific sub-grant. In addition, a monitoring schedule should be prepared to ensure that proper monitoring occurs during the fiscal year.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2010**

2007-2 FINDING NO. 2 – SECTION 2

Current Status: Not Corrected

2009-1 FINDING NO. 1 – SECTION 2

Current Status: Not corrected, repeated as finding 2010-1

2009-2 FINDING NO. 2 – SECTION 2

Current Status: Not Corrected, repeated as finding 2010-2

2009-3 FINDING NO. 3 – SECTION 3

Current Status: Not Corrected, repeated as finding 2010-3

2009-4 FINDING NO. 4 – SECTION 3

Current Status: Corrected

2009-5 FINDING NO. 5 – SECTION 3

Current Status: Not corrected, repeated as finding 2010-5

2009-6 FINDING NO. 6 – SECTION 3

Current Status: Corrected

2009-7 FINDING NO. 7 – SECTION 3

Current Status: Corrected

2009-8 FINDING NO. 8 – SECTION 3

Current Status: Corrected

2009-9 FINDING NO. 9 – SECTION 3

Current Status: Corrected

2009-10 FINDING NO. 10 – SECTION 3

Current Status: Corrected

2009-11 FINDING NO. 11 – SECTION 3

Current Status: Corrected

2010-12 FINDING NO. 12 – SECTION 3

Current Status: Corrected

Department of Administration



200 South President Street
Post Office Box 17
Jackson, Mississippi 39205-0017

Harvey Johnson, Jr.
Mayor of the City of Jackson

CORRECTIVE ACTION PLAN

03/31/2011

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2010.

Name and address of independent public accounting firm: Banks, Finley, White & Company
308 Highland Park Cove, Ridgeland, MS 39157

Audit period: Year Ended September 30, 2010

The findings from the September 30, 2010 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule, Section 1 of the schedule, Summary of Audit Results, does not include findings and is not addressed.

2. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding No. 2010-1 MAINTAINING FIXED ASSET RECORDS

Recommendation: The City should convert to a single computerized capital asset system. This will eliminate a significant amount of manual record keeping duties, make operations more efficient and provide more accurate information with which to make business decisions regarding fixed assets.

Action Taken: The City has hired additional staff and will continue to make effort in converting to a single computerized capital asset system. The City's process for review and closing of CIP will involve the contractor confirming the completion of the project as well as the Department of Public Works confirming the completion of the project.

Finding No. 2010-2 WATER/SEWER ACCOUNTS RECEIVABLE

Recommendation: The City should consider historical collections for the various receivable aging categories when determining uncollectible allowances. Additionally, credit balances of former customers should be removed from accounts receivable and be reflected as a liability of the City to help prevent inaccurate allowance determinations.

Action Taken: Each month our research section we will monitor the account balances and resolve any credits.

3. FINDINGS – MAJOR FEDERAL AWARDS PROGRAM FINDINGS AND QUESTIONED COSTS

Finding No. 2010-3 SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA #: Home Investment Partnership Program/14.239

Recommendation: The City should immediately adopt a policy which establishes limits on the after rehabilitation value of projects utilizing HOME funds. This policy should ensure that HOME subsidies being provided are not more than necessary to provide affordable housing and are properly supported.

Action Taken: A policy which establishes limits on the after rehabilitation value of projects utilizing HOME funds has been developed. In a memorandum dated August 6, 2010, it was recommended to the manager of the City's Neighborhood Rehabilitation Services Division that HUD's HOME regulation Section [92.254(b)(1)] *Maximum Property Value* be used. On January 13, 2011, it was communicated to the City's subrecipients of HOME funds changes in HUD guidelines to determine 95% of the median purchase price or after-rehab value.

Finding No. 2010-4 – SUSPENSION AND DEBARMENT

Grant Program/CFDA#: Federal Transit Formula Grant/ 20.507; Home Investment Partnership Program/ 14.239; Housing Opportunities for Persons with Aids/14.241; Public Safety Partnership and Community Policing Grants/ 16.710; Edward Byrne Memorial Justice Assistance Grant Program – ARRA/16.804

Recommendation: Although we were able to determine that the contractors and sub-recipients were not suspended or debarred, we recommend that the City strengthen internal administrative controls as it relates to the testing for suspension and debarment on contracts involving federal funds by requiring the retention of documentation verifying that a search for suspension and debarment was performed.

Action Taken: The City will strengthen its internal administrative controls by making it a good practice of documenting the results of the search from the Excluded Parties Listing System (EPLS). The information will be appropriately maintained to ensure that subrecipients, contractors, and sub-contractors receiving \$25,000 or more in federal funds are not on the debarred list.

Finding No. 2010-5 REPORTING

Grant Program/CFDA#: ARRA - Community Development Block Grant/14.253; Edward Byrne Memorial Justice Assistance Grant Program – ARRA/16.804

Recommendation: We recommend that the City review their process for ARRA 1512 reporting and implement the appropriate procedures to ensure that ARRA reporting is performed within the required time period.

Action Taken: The City of Jackson will incorporate the appropriate procedures listed below to ensure that ARRA reporting is performed within the required time period.

- all reports will be submitted five days prior to the 10-day window for ARRA reports.
- when error reports are received from the federalreporting.com system, corrections will be made and a successful submission report will be secured within the 10-day window for submitting ARRA reports.

Finding No. 2010-06 – SUBRECIPIENT MONITORING

Grant Program/CFDA#: Home Investment Partnership Program/ 14.239

Recommendation: We recommend that the City strengthen internal administrative control procedures to ensure that sub-recipients submit audit reports within the prescribed time period and ensure that all reports are thoroughly reviewed and any deficiencies noted are communicated to the sub-recipient in a timely manner.

Action Taken: The City of Jackson's, Office of Housing and Community Development, Development Assistance Division will ensure that all subrecipients, who receive federal funds from this office, submit updated copies of their most recent Audit Reports, to include Management Letters, in order to reinforce our internal administrative controls, in accordance with local, state and federal guidelines.

Finding No. 2010-07 – SUBRECIPIENT MONITORING

Grant Program/CFDA#: #: Edward Byrne Memorial Justice Assistance Grant Program – ARRA/16.804

Recommendation: We strongly recommend that the City of Jackson adopt specific procedures as it relates to sub-recipient monitoring that is tailored to the requirements of the specific sub-grant. In addition, a monitoring schedule should be prepared to ensure that proper monitoring occurs during the fiscal year.

Action Taken: The City will strengthen its monitoring procedures that will demonstrate continuing monitoring of the subgrantee to adequately satisfy the grant requirements.

If the U. S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-2209.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Lee A. Unger', with a stylized, flowing script.

Lee A. Unger,
Director of Administration

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